October 1960 75¢

DUN'S REVIEW
AND MODERN INDUSTRY

- Work Rules vs. Management Rights
- U.S. Industry and the Common Market
- Myth of the Slick Purchasing Agent

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Mrs. Patricia M. Collins Editor
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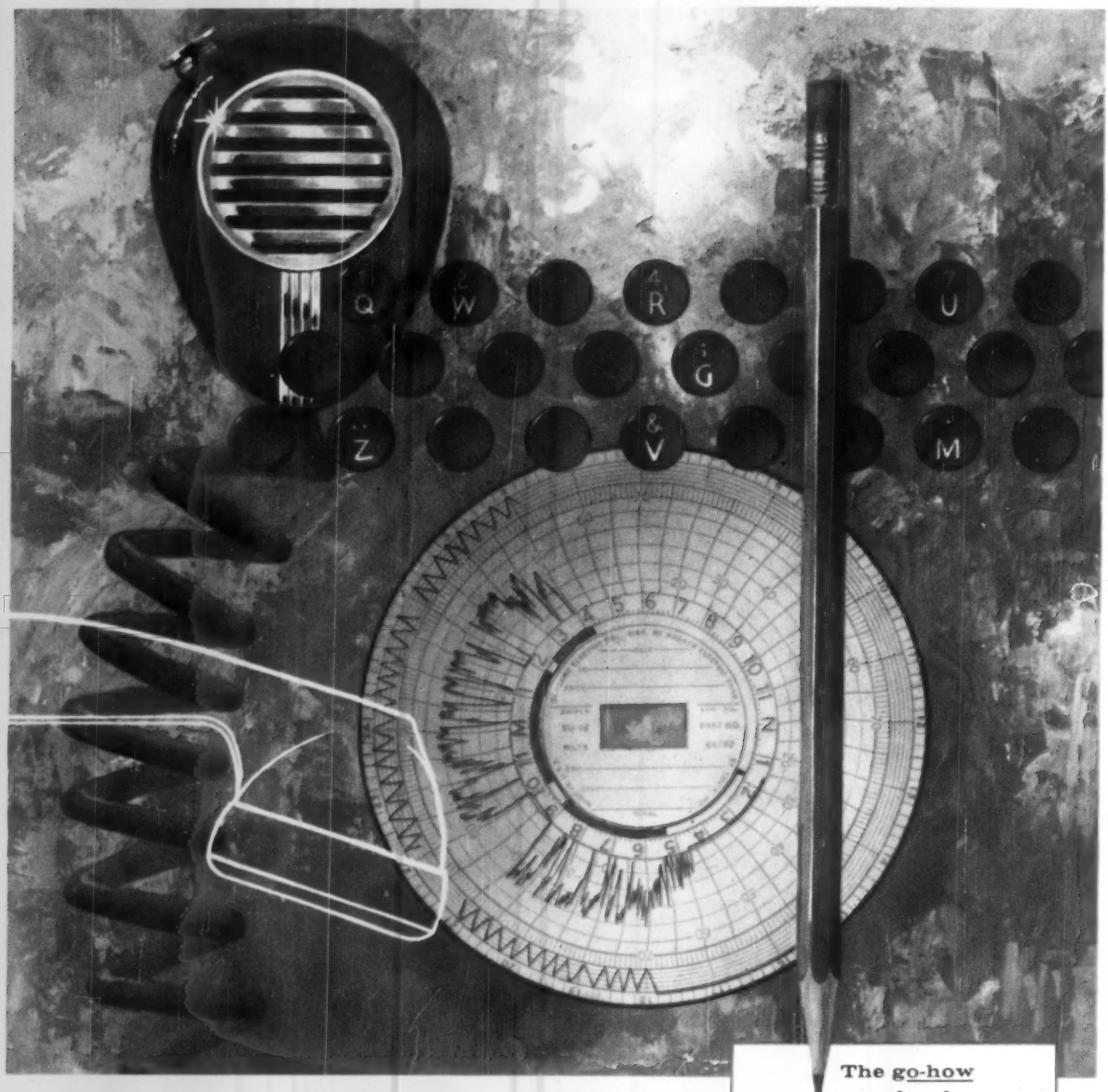

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AND MODERN INDUSTRY

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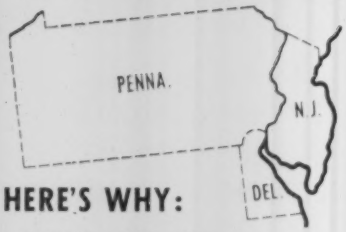

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Letters to the Editor

Management Folklore

To the Editor: "The Myth of the Almighty Dollar" is right on the button. I think all would agree that our business and industrial executives are one of America's finest sources of productive, creative, and aggressive ideas and leadership. But if we continue our present trends of paying them ever more and more, I can see a serious disintegration in this segment of American society.

Real leadership in business and industry is urgently called for, to think through the simple question of what is a fair and equitable total compensation for today's and tomorrow's executives. I don't refer only to the top executive, either, but to second, third, and fourth echelons of command as well.

W. E. Roberts
Executive Vice-President
Bell & Howell Company
Chicago, Ill.

To the Editor: I have just finished reading Clarence B. Randall's "Myth of the Management Committee" and could not agree with him more. I would, however, like to suggest: 1) that concise minutes of each committee meeting be kept and distributed promptly, to indicate clearly the decisions taken and who is responsible for the necessary action; 2) that the secretary go over the minutes at regular intervals and, by personal interviews around the organization, check to see that the decisions are being implemented. At the next meeting, the chairman should specifically ask whether the action voted has been taken, and the secretary should report on any projects that have bogged down.

Both these steps I think almost essential to effective committee work, and I, for one, have been trying to follow them for many a year.

Robert P. Koenig
President
Cerro de Pasco Corp.
New York, N.Y.

To the Editor: Your August issue has just reached my desk. Like most issues, it is a combination of interesting business subjects, well written and splendidly edited. May I specifically compliment Clarence B. Randall for "The Myth of the Magic Expense Account"? It is the best article I have read on this controversial and very important subject.

E. K. Hampel
President
R. Conrader Company, Inc.
Erie, Pa.

Alive and Kicking

To the Editor: The nation's 185,000 "merchant" wholesalers are living testimony that industry is *not* "cutting loose from the wholesaler" and they are particularly concerned about the misunderstanding that would follow a reading of your article on wholesaling in the June issue. The latest census of business preliminary figures just released show these merchant wholesalers handled over $120 billion of goods and met an $8,300 million payroll to 1.82 million employees in 1958. In the nineteen-year period between 1939 and 1958, when the GNP increased 480 per cent, the volume of merchandise they handled increased a whopping 533 per cent, while the number of establishments increased by only 85 per cent and the employee load by only 82 per cent.

I could cite pages of concrete examples of nationally known firms who either distribute exclusively through wholesalers or who are switching to them for most of their product lines. We service wholesalers have proved that by increasing rapidity of flow of goods from producer to consumer, we deliver a profit per transaction that is much more attractive than slower, more expensive direct distribution. When return on investment becomes the basic tenet of management philosophy, we wholesalers emerge as a new source of profit.

Paul L. Courtney
Executive Vice-President
National Association of Wholesalers
Washington, D. C.

Those 100 Top Markets

To the Editor: We feel that your July article on industrial markets, pointing out that Flint dropped from 20th to 32nd place in the national rating, deserves a qualifying statement: Every industrial market center that is predominantly automotive suffered in comparing 1954 with 1958. Flint suffered more than most because our principal automotive plant hit its production low point in 1958. Manufacturing employment in the four counties

you included in our market area did, however, show an 8.1 per cent increase in 1959 over 1958 and 1960 will equal or exceed this rate of increase.

G. ROBERT NICHOLSON
Manager, Economic Development Department
Chamber of Commerce
Flint, Mich.

TO THE EDITOR: You are to be commended for doing a tedious and difficult job well. Your departure in defining the "markets" without strict adherence to the Standard Metropolitan Statistical Areas is most realistic.

G. L. FOX
General Manager
San Francisco Chamber of Commerce
San Francisco, Calif.

TO THE EDITOR: Please forward by air freight 1,700 copies of "Your Guide to the New Industrial Markets" to my office in the Federal Republic of Germany.

E. BENDHEIM
Vereinigte Wirtschaftsdienste GMBH
Frankfurt a.M., West Germany

TO THE EDITOR: Congratulations on an excellent analysis of the new census —one of the finest, most usable surveys I've had the pleasure of reading.

JAMES J. OSBORN
Manager, Marketing Statistics
Pendleton Tool Industries, Inc.
Los Angeles, Calif.

WISH TO MAKE VIGOROUS PROTEST ON ABSENCE OF ROCKFORD FROM ARTICLE AND CHART PUBLISHED IN JULY. SUCH INACCURATE COMPILATION DAMAGING TO BUSINESS HERE.

E. KENNETH TODD
Publisher
Rockford Newspapers, Inc.
Rockford, Ill.

TO THE EDITOR: "Your Guide to the New Industrial Markets" in the July issue is inaccurate. Rockford and Winnebago County, Ill., form a distinct market not in the least connected with Madison and Dane County, Wis. Using your own statistical source, the 1958 Census of Manufactures, a comparison of the two counties shows how Winnebago far surpasses Dane in industrial activity.

In actual fact, the reverse of what your article implies is true. There are many manufacturers' representatives who live in Rockford and cover Wisconsin. There are also sales offices, like the Ford Motor Company, based in Rockford covering most of Wisconsin.

You should have shown Rockford—the second city in Illinois—a distinct industrial market made up of Winnebago, Boone, and Stephenson Counties in Illinois and Rock County in Wisconsin. What you should have called the "Rockford Market" has 736 industrial establishments, 63,665 industrial employees, and value added by manufacture of $617,876,000,000.

As you can readily see, these figures would put Rockford well up on the list of 100 top industrial markets, a position it has enjoyed in fact for many years, but which was completely overlooked in your study.

JOHN C. STAFFORD
Promotion Manager
Rockford Morning Star—Rockford Register-Republic
Rockford, Ill.

TO THE EDITOR: While my first inclination was to send a "bouquet" for prompt reporting of a study in depth of real consequence to our area, I was flabbergasted and appalled at the lack of credibility in this hastily contrived or editorially slanted piece. Madison, Wis., is of such little industrial consequence to the total Rock River Valley complex that its small contribution should be discarded completely. It would at best be a distant cousin to the tightly knit "family of cities" of the valley, with Rockford shining as the patriarch.

JOE BAISCH
Vice-President and General Manager
Greater Rockford Television, Inc.
Rockford, Ill.

EDITOR'S NOTE: *As "Your Guide to the New Industrial Markets" explained, the definition of an industrial market area is original with* DUN'S REVIEW *and was drawn up after considering the recommendations of Chambers of Commerce throughout the nation and the areas used by members of the American Supply and Machinery Manufacturers Association. Unlike a U.S. Department of Commerce Standard Metropolitan Statistical Area, the industrial market area is based on the volume of manufacturing (as measured by value added by manufacturing), rather than on the size of the area's population. Most industrial market areas comprise several counties; each area, for our readers' convenience, is designated by the name of its most widely known city.*

This, of course, has brought joy to the hearts of business men in the cities named, and a variety of emotions—most of them wrathful—to others whose cities were not mentioned. The editors cannot offer satisfaction on the field of honor, but they do salute the civic pride, however outraged, of newspapers and Chambers of Commerce in Rockford, Flint, Lynchburg, Va., Gary and Hammond, Ind., Yonkers, N.Y., Jacksonville, Fla., and Savannah, Ga.

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The Trend of BUSINESS

PRODUCTION: *Unlikely to hit an all-time high again this year.*
SALES: *Gains ahead at retail, but a little less than previously expected.*
CONSTRUCTION: *Outlays in 1960 will end up slightly below a year ago.*
FAILURES: *Highest for any August in twenty-seven years (page 13).*

SO FAR this fall, business activity has not staged much of a comeback from the summer lull, and it is unlikely to show much bounce before the end of the year. Although their outlays will be at record or near-record levels, both consumers and business men will be spending a little more cautiously. As gains in retail sales and new plant equipment outlays lag behind previous expectations, inventory levels may drop further. This would mean additional dips in manufacturers' orders and eventually a moderate slacking-off in industrial production.

Although production will move up in October, it is unlikely to match the peak of last January.

Increased output of steel, automobiles, electric power, machinery and some soft goods will boost the Federal Reserve Board's Index of Industrial Production in October, but it will not hit the record level of 111 (1957=100) set last January, and a downturn will follow.

With mills operating somewhere near 70 per cent of rated capacity, steel output in October will gain substantially, though not so much as had been hoped. Even though auto output for the rest of the year is expected to come close to the high levels of early 1960, steel production is likely to dip again in November and December. Appliance makers, freight car builders, railroads, the petroleum industry, construction contractors, and most other users apparently feel that their current steel inventories are adequate for their immediate needs and would if necessary be augmented on short notice from the mills. Earlier fears of substantial price increases on steel products have dwindled.

Compact cars will bulk larger as a share of 1961 model auto output. Because consumer reaction to the 1960 domestic small cars was so favorable, about 40 per cent of over-all industry output of 1961 models will be in compacts, compared with somewhere between 25 and 30 per cent last year.

The 1960 models that dealers are now loaded down with are almost exclusively conventional big cars. Because of these overstocks, total automotive production in the weeks ahead will most probably be held below what was originally scheduled at the beginning of the 1961 model run. In recent weeks, sales of new cars have picked up encouragingly, but stocks there, too, are excessive. Thus, declines in output are in prospect for the rest of the year.

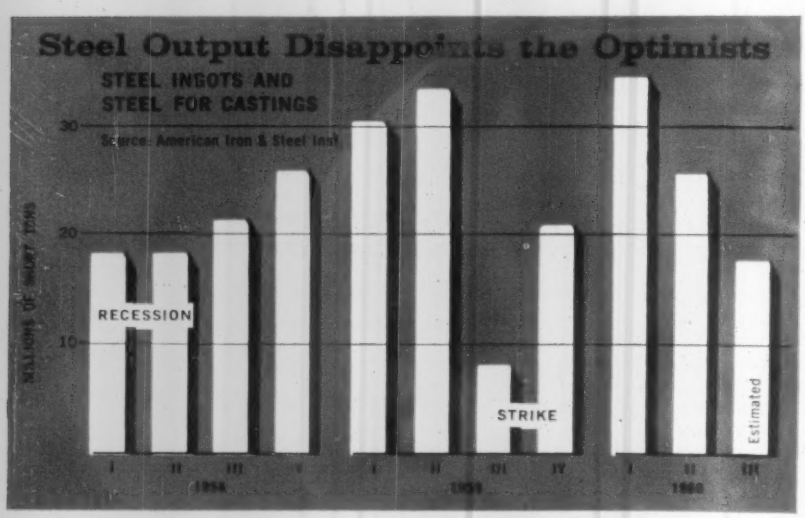
The next few weeks are likely to bring moderate gains in the output of machinery, apparel, food products, coal, and electric power; but production will continue to lag in major appliances, furniture, and paperboard.

The tapering off in industrial production will stem from further modest reductions in inventories—primarily household durables.

The continuous decline that has been posted in manufacturers' orders and sales has been mostly concentrated in durables and non-electric machinery, and these will probably remain a soft spot in the months ahead.

Sales of household durables, too, have been down at the wholesale level, and are likely to stay down until retail sales rebound. Textile sales at wholesale, on the other hand, will probably soon respond to the recent upsurge in re-orders for Fall apparel. Transactions in man-made fibers used by auto makers for upholstery have been disappointing and will probably remain so in the next few months.

Although late summer wholesale volume in Fall apparel was a trifle sluggish, trading has risen noticeably in recent weeks, especially in back-to-school merchandise and in some lines



A LAG IN ORDERS *for steel held ingot production during the third quarter of 1960 at the lowest level for any non-strike quarter since early 1958.*

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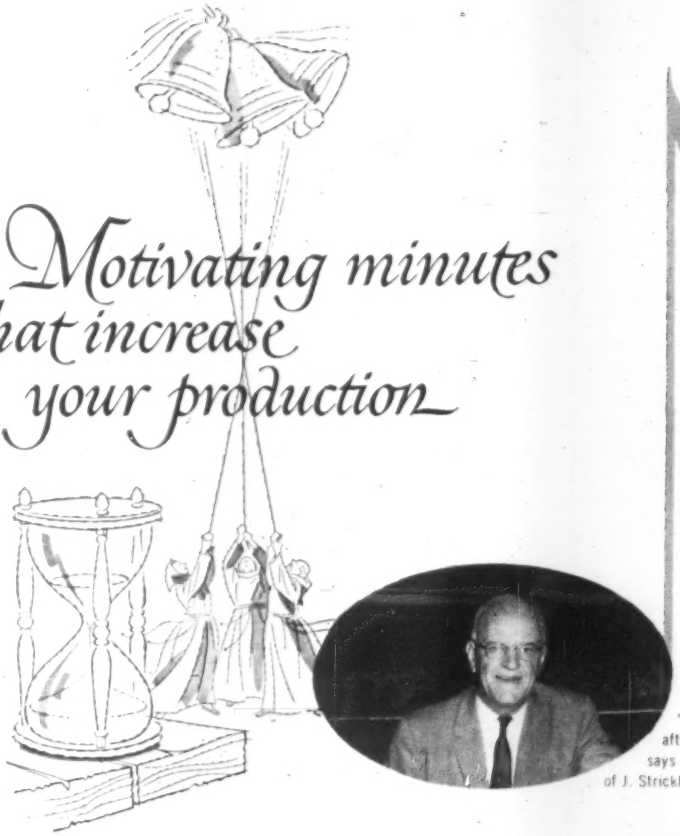

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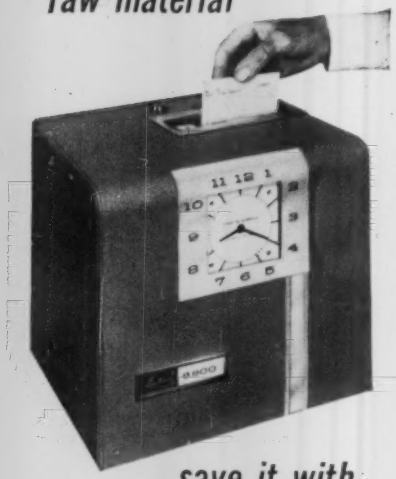

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of women's clothing. If sales to consumers continue to hold up, retailers are likely to place bigger orders for Winter merchandise.

Retailers will ring up a gain of about 2 per cent for 1960 as a whole over 1959, a little less than was expected earlier.

In recent months shoppers have been spending less freely, and they show no signs of embarking on a buying spree in the months ahead. The upsurge in Christmas volume will not be greater than usual.

What accounts for the lack of sparkle in the retail picture? One reason may be that shoppers and consumers generally see little prospect of broad price increases. Another may be caution induced by the lack of good news from the business front.

Finally, consumers are apparently still well stocked with big-ticket appliances. Despite price reductions, sales of these items through the end of the year will remain unchanged or lag moderately from last year. Gains in furniture, floor coverings, and draperies will be moderate, while those in linens and small electrical housewares will be a little more extensive.

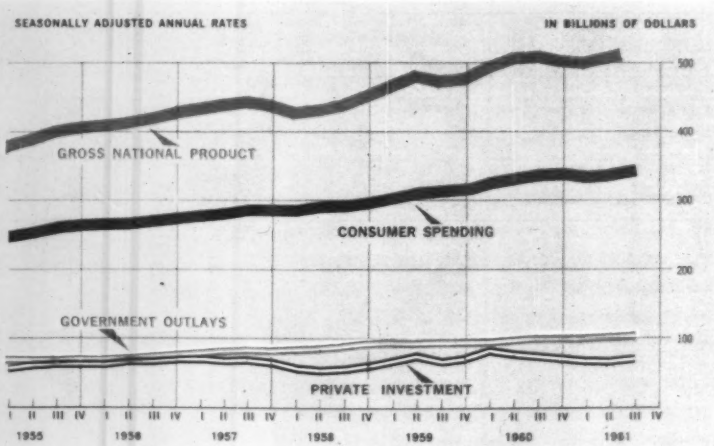
This somewhat disappointing performance will probably benefit apparel retailers somewhat. After a slow start, the buying of women's and children's Fall and winter clothing has climbed substantially in recent weeks, and gains over last year have been well ahead of those for over-all retail trade. This is likely to continue for the rest of the year. But increases in men's merchandise will be a little less noticeable.

Consumer installment credit is likely to reflect the softening in consumer buying. After a temporary spurt re-

Looking Four Quarters Ahead

Quarters		Consumer spending	Government outlays	Private investment*	Gross national product
1960	I	323.3	97.5	80.5	501.3
	II	329.0	98.6	77.5	505.0
	III	329.5	100.2	73.8	503.5
	IV	331.0	101.8	69.7	502.5
1961	I	330.5	103.6	65.4	499.5
	II	333.4	105.3	67.3	506.0
	III	338.0	106.7	70.3	515.0

*Includes domestic private investment plus net exports



Figures through the second quarter of 1960 are seasonally adjusted annual rates in billions of dollars, as reported by the National Income Division, Department of Commerce. Figures for the third quarter of 1960 and later are estimates prepared by Robert J. Landry of the Business Economics Department of DUN & BRADSTREET, INC.

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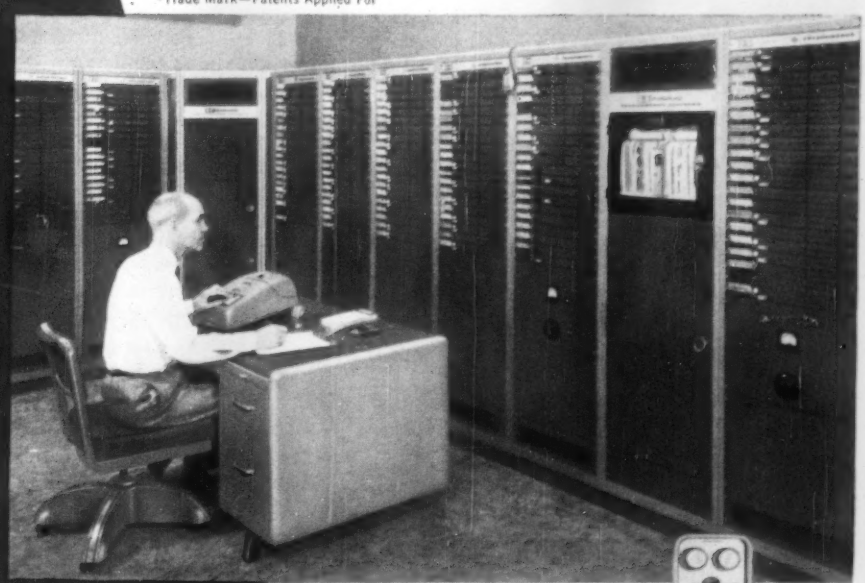

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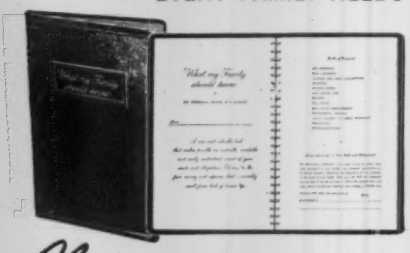

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sulting from initial consumer reaction to the new cars, consumer installment credit outstanding will gain little in subsequent months, reflecting sluggish sales in appliances and other big-ticket items.

Although the rate of increase will subside, personal income will continue to set new records through year-end.

Higher wages and salaries in government employment and the service industries, along with increases in unemployment insurance payments, will offset—as they did during the summer—any lag in factory payrolls.

High income levels will be propped by high employment levels for the rest of 1960, but the unemployment rate will edge up as more people enter the labor force. Employees, meanwhile, will be cautious about increasing the payrolls, and there may actually be some further layoffs in the steel and appliance industries.

The year's business spending for new plant and equipment will be up substantially over 1959.

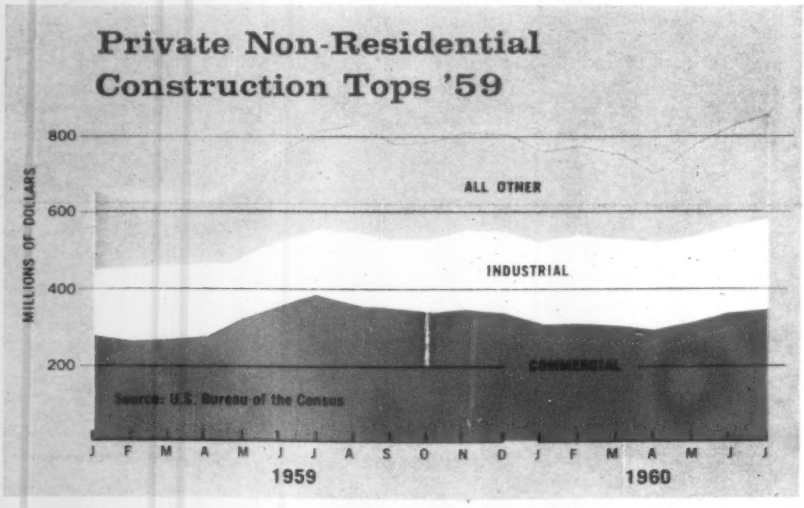
One recent survey found that business men had shaded somewhat their spending plans on new plant and equipment during the last half of 1960, but outlays for the year as a whole are still expected to surpass 1959 by about 10 per cent, according to the Department of Commerce and the Securities and Exchange Commission. The most noticeable year-to-year increases were planned by manufacturers, especially in the steel, automotive, machinery, chemical, textile, and rubber industries. The outlook for early 1961 is still clouded, of course, but a slackening in such outlays is likely.

Despite the relatively bright outlook for capital spending during the rest of this year, orders for machine tools have failed to show much snap in recent months. This has led some observers to expect further downward revisions in actual outlays.

Expenditures for industrial construction will be up substantially for the year as a whole over 1959.

In the construction industry, the most noticeable gains in 1960 will be in industrial building. The year as a whole will also show significant increases in commercial and public utility building. However, declines in private residential construction and outlays for public building will offset these gains, and 1960 will wind up with total outlays slightly below those of 1959.

The hoped-for midyear rise in new housing starts failed to materialize, and, despite a possible further easing in mortgage rates, there is little reason to expect much of an improvement for the rest of the year. High construction costs and the concern of prospective home builders over business conditions may combine to hold housing starts for the year as a whole below the 1959 level by somewhere around 15 per cent. Prospects for early 1961 are brighter. The vacancy ratio is still relatively low, and further easing in credit conditions plus some



SO FAR THIS YEAR *private nonresidential construction—not including public utilities and farm construction—has been running significantly over 1959.*

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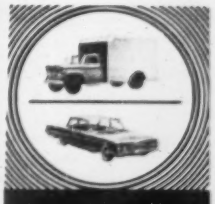

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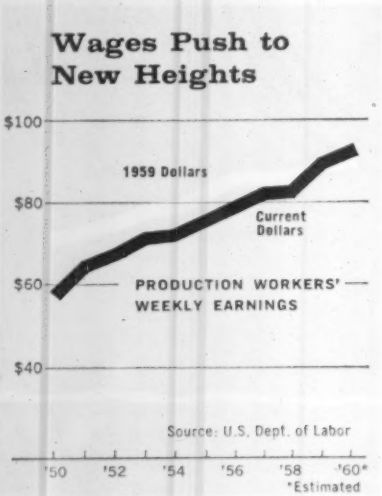
stimulation from the Government may give a boost to home building in the new year.

Disappointing sales and higher operating costs will probably hold profits somewhat below 1959.

Corporate profits in the second half of this year may lag moderately behind the second half of 1959, holding the level for the year as a whole somewhere around 2 per cent below record 1959. This would still make 1960 the second highest year in history.

Although the Consumer Price Index compiled by the United States Department of Labor has crept up to new high ground in recent months, increases have been fractional and have been primarily in services rather than in commodities. More stability is likely in the months ahead as softening in prices of appliances, furniture, and other household goods offsets expected slight rises in services and apparel.

Although over-all business activity, by failing to maintain the pace set in the first quarter of the year, has proved disappointing to many, 1960 will still end up as a record year—though not a spectacular one.

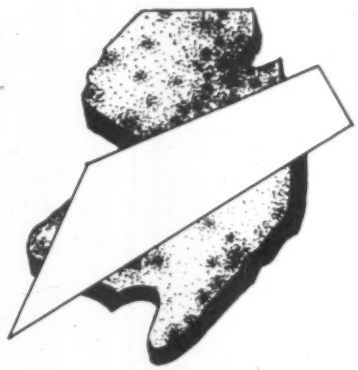


EARNINGS AMONG *manufacturing workers have edged up to a new record this year, both in current and 1959 prices.*

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.

What.....

great open spaces



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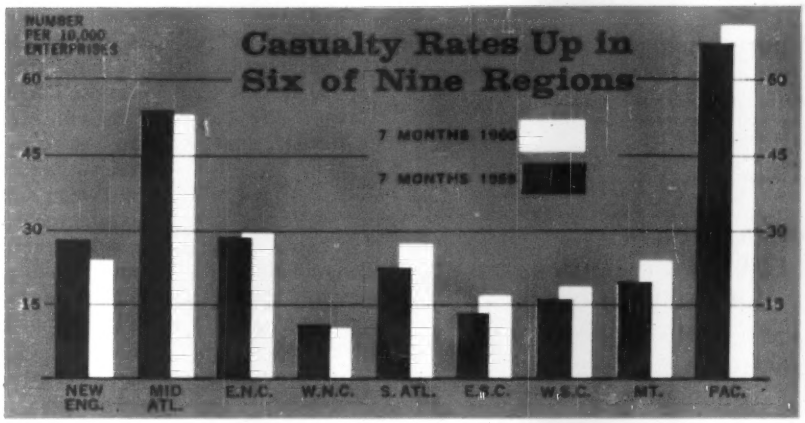
Business Failures

August rise bucks seasonal trend

Liabilities, too, move higher



BUSINESS failures turned up 15 per cent in August, running counter to a usual late summer dip of some 2 per cent. At 1,315, casualties did not reach the level of some earlier months this year, but they were 16 per cent higher than in the comparable month of 1959 and represented the heaviest toll for any August since 1933.

Measured against the operating business population, however, the failure rate remains relatively low. Concerns were failing in August at a rate of 59.6 per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*. Although the casualty rate has been more severe only once before in the post-war period—in March and April of 1958—it continues considerably below the pre-war level of 72 per 10,000 in 1939 and is little more than one-third of the peak of 174 in August of 1932.

Liabilities, after a downturn in July, climbed to $97.6 million in August, a volume exceeded in recent years only by the June peak of $126.5 million. Casualties of all sizes increased during the month, but the rise from year-ago levels was concentrated among those of larger sizes.

Manufacturing and service casualties climbed most sharply from July levels—by 32 and 25 per cent, respectively. Tolls ran noticeably higher in the lumber, furniture, steel and machinery industries, while the service rise centered in repair businesses and public services. Among the major types of operation, retailing showed the smallest month-to-month increase, 8 per cent. Still, slightly higher tolls occurred in all retail lines except restaurants and building materials.

continued on page 14

THE FAILURE RECORD

	Aug. 1960	July 1960	Aug. 1959	% Chg.†
DUN'S FAILURE INDEX*				
Unadjusted	54.2	51.0	48.5	+12
Adjusted, seasonally	59.6	54.8	43.3	+12
NUMBER OF FAILURES	1315	1146	1135	+16
NUMBER BY SIZE OF DEBT				
Under $5,000	146	129	147	− 1
$5,000—$25,000	573	520	579	− 1
$25,000—$100,000	418	359	322	+30
Over $100,000	178	138	87	+105
NUMBER BY INDUSTRY GROUPS				
Manufacturing	228	173	187	+22
Wholesale trade	121	106	103	+17
Retail trade	621	573	542	+15
Construction	217	192	181	+20
Commercial service	128	102	122	+ 5
LIABILITIES (*in thousands*)				
CURRENT	$97,594	$61,732	$54,501	+79
TOTAL	99,897	61,878	54,624	+83

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, August 1960 from August 1959.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or the governments; they do not include long-term publicly held obligations.

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continued from page 13

From August last year, increases ranged between 15 and 22 per cent in all functions save services, where the upturn was held down to 5 per cent —largely because of a drop in the transportation toll. In wholesaling, casualties climbed most noticeably in the automotive trade. This line also suffered one of the sharpest upswings in retailing: 54 per cent. Furniture, appliance, and drug retailers as well had appreciably higher tolls.

In eight of the nine major geographic regions, failures rose from July to August. The toll in the Pacific States reached a new high, with both California and Oregon casualties climbing steeply. A general upturn also prevailed from 1959 levels; only the New England and Mountain States held even. In the South Atlantic and East South Central States, failures ran more than 40 per cent over a year ago, and in the West South Central States some 30 per cent higher.

FAILURES BY DIVISION OF INDUSTRY

	Cumulative total (Eight Months)		Liabilities in million $ (Eight Months)	
	1960	1959	1960	1959
MINING, MANUFACTURING	1703	1626	202.8	129.7
Mining—coal, oil, misc.	63	51	15.1	4.8
Food and kindred products	117	120	25.5	9.6
Textile products, apparel	280	266	23.5	14.4
Lumber, lumber products	351	334	27.8	17.1
Paper, printing, publishing	120	114	6.2	6.7
Chemicals, allied products	43	41	2.3	2.9
Leather, leather products	51	51	9.1	4.8
Stone, clay, glass products	33	36	3.6	2.5
Iron, steel, products	107	95	16.5	7.0
Machinery	177	161	34.9	26.0
Transportation equipment	75	62	10.1	5.4
Miscellaneous	286	295	28.2	28.6
WHOLESALE TRADE	964	933	72.5	55.6
Food and farm products	226	199	22.5	16.8
Apparel	34	27	2.3	1.2
Drygoods	23	25	1.0	1.0
Lumber, bldg.mats., hdwre.	122	98	10.6	6.9
Chemicals and drugs	30	39	1.1	1.1
Motor vehicles, equipment	79	51	4.6	2.6
Miscellaneous	450	494	30.4	26.0
RETAIL TRADE	4915	4780	154.4	169.0
Food and liquor	712	776	19.1	22.7
General merchandise	183	213	10.8	14.7
Apparel and accessories	684	724	16.5	31.1
Furniture, furnishings	676	574	25.2	25.5
Lumber, bldg.mats., hdwre	308	298	12.2	9.6
Automotive group	831	673	29.0	17.2
Eating, drinking places	911	924	26.8	25.6
Drug stores	101	79	2.4	2.3
Miscellaneous	509	519	12.4	20.3
CONSTRUCTION	1685	1360	124.3	79.6
General bldg. contractors	650	472	69.8	43.5
Building subcontractors	930	782	45.9	28.3
Other contractors	105	106	8.6	7.7
COMMERCIAL SERVICE	901	875	59.1	41.1
TOTAL UNITED STATES	10168	9574	613.1	474.9

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

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WASHINGTON Business Front

JOSEPH R. SLEVIN

WASHINGTON, D.C. — The 86th Congress spluttered out of town just over a month ago, and the capital still finds it hard to believe that the huge Democratic majorities—biggest since New Deal days—promised so much and did so little. The Democrats supposedly were going to rewrite the social welfare sections of the statute books and show the voters what "liberals" would achieve for their countrymen. But, when the lawmakers closed up shop shortly before Labor Day, the conservatives were able to view their departure with bland equanimity while the ultra-liberals were pulling out their hair by handfuls.

Great expectations

There is no lack of explanations of what happened, but for sheer waste motion there probably never was a Congress to equal this one. Senate Majority Leader Lyndon B. Johnson of Texas started the ball rolling back in January 1959 with a confident "State of the Union" pledge of big legislative achievements to come. But for the next nineteen months the Democrats steadily lost momentum. A rapid-fire series of Presidential vetoes and veto threats held the Democrats in 1959 to a meager list of accomplishments, marked chiefly by the tough Landrum-Griffin labor racketeering bill. None of the Democrats' big new economic or social programs became law in the 1959 session—and, as the campaigners are hourly reminding the voters, you have to look pretty hard to find any at all that were enacted this year. Judged by Democratic standards, the 86th Congress was a dismal fiasco.

The climax came, of course, in the bobtailed, August post-convention session, when the Kennedy-Johnson team talked expansively of pushing through a four-way bloc of bills that would provide medical care for the aged under the social security system, liberalize the minimum wage program, supply Federal aid for education, and enlarge the Government's housing programs. None of the promised bills became law.

A medical care measure was enacted, but the Senate defeated a Kennedy-backed amendment that would have added the social security feature. A housing bill became law, too, but it was a bare-bones measure rammed through at the last minute when it became apparent that the promised omnibus law could not be enacted. The only major new domestic law the Democrats added to the statute books was the civil rights bill, adopted before the national political conventions met in July.

The sorry showing of the Democrats during the bobtail session tells only part of the story of their failures. Check the two-year list of promises and then look at the accomplishments:

There is no law to provide aid to distressed areas. When President Eisenhower vetoed a Democratic bill last spring as too costly, the Democrats decided they would rather have a campaign issue than a more modest program and refused to enact a measure that Mr. Eisenhower would accept. They passed no stream pollution bill to replace one that Mr. Eisenhower vetoed. They were unable to reach agreement on farm legislation, despite all their hand-wringing about the plight of the farmers—and they passed no new unemployment compensation measure despite all their rhetoric about the high rate of unemployment.

Charge and countercharge

Senator Kennedy says it's all Mr. Eisenhower's doing. He contends that Congress didn't enact more social welfare bills because it feared Presidential vetoes. While the Massachusetts Democrat doesn't come right out and say so, the Democrats also feared that the President would tag them as "spenders." Senator Kennedy is telling the voters that they can get a more generous minimum wage program along with aid to education and other measures if they will just elect a Democratic President who will fight for his proposals.

Vice President Nixon has an explanation, too. He just keeps pointing

continued on page 20

★ *Disastrous for the Democrats—that's the verdict on the final session of the 86th Congress.*

★ *Here's what happened to those ambitious spending programs—and why.*

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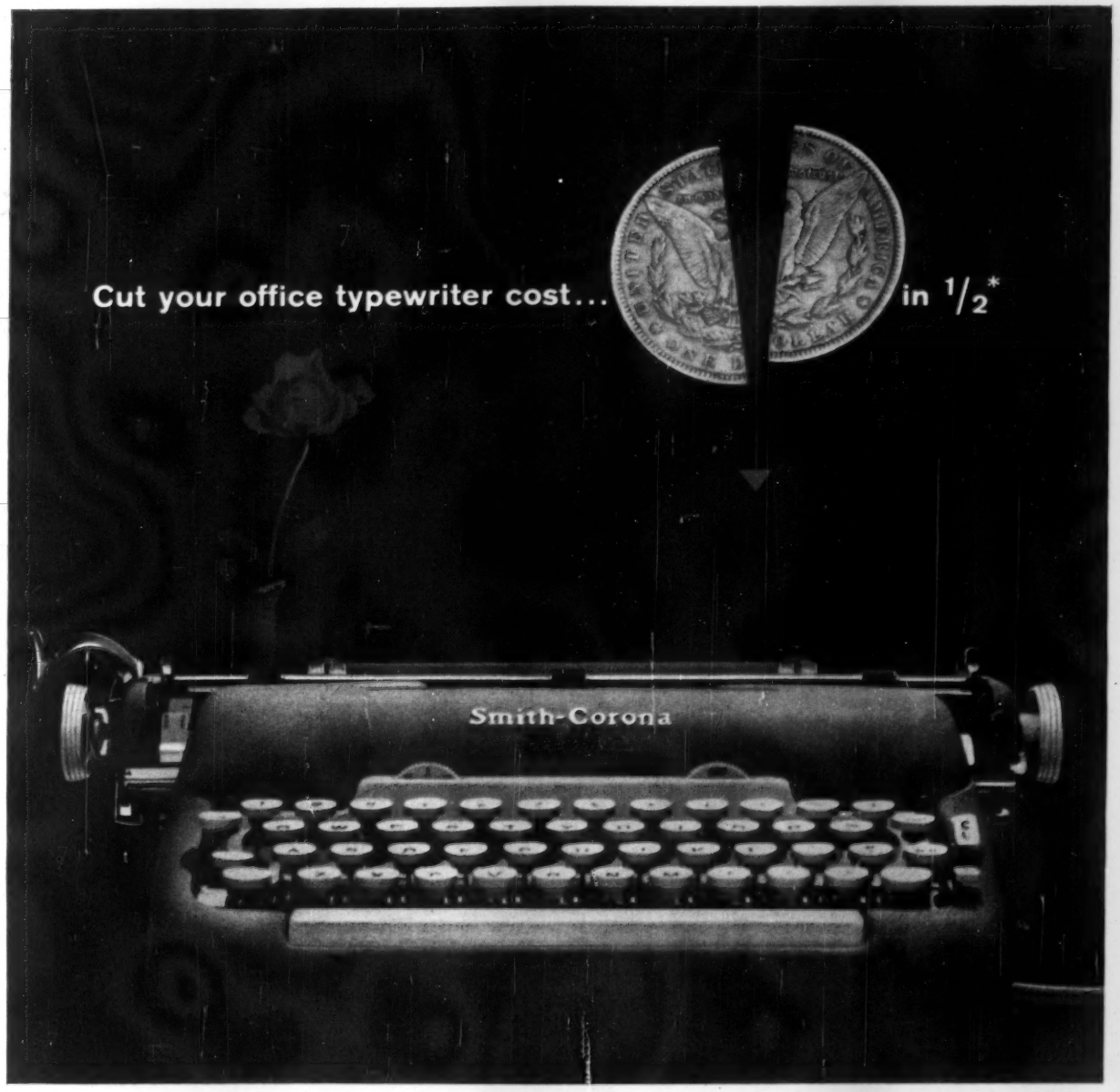

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Better yet, *the Electra 12 has all the major features of the expensive electrics:* wide-range touch selector, impression control, full business-size carriage, automatic repeat action on space bar and hyphen-underline key, plus all the speed and ease electric typing's famous for.

The typing itself is clean, sharp . . . just like a *printed* page. And you can get up to 12 clear carbons.

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Industrial Development Department

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continued from page 16

to the two-thirds majorities the Democrats have had in both houses, and suggesting that there must be something wrong with the Democratic leadership if it couldn't get its program through.

What happened during the January-June and the bobtail sessions—as both candidates well know—is that a powerful coalition of Republicans and Southern Democrats blocked Congressional action on the liberal measures. It's the same coalition that joined forces to uphold Mr. Eisenhower's string of vetoes in 1959, but it became even more powerful this year. The Republicans and the Southern Democrats increasingly have found that they can make common cause on economic issues, and their emergence as a pivotal, often a controlling, bloc was one of the most significant developments of the second session of the 86th Congress.

The country is certain to see many of the same fights in the 87th Congress that it witnessed in the 86th. The minimum wage, aid to education, medical care, omnibus housing, depressed areas, farm policy, and other controversial bills will die when the 86th Congress passes out of existence, but the issues will live on—and new bills will be introduced when the 87th Congress convenes in January.

Strategic obstructions

Both houses passed bills to increase the minimum wage and to broaden the coverage of the program, for example, and both passed bills to provide Federal aid for education. But their bills differed markedly. The Southern Democratic-Republican coalition within the Senate-House conference committee barred compromise on the minimum wage bill. The conservatives agreed to let a minimum wage bill become law only if the Senate agreed to accept the notably more moderate House bill—an ultimatum that Senator Kennedy and his colleagues refused to accept.

The aid-to-education bills met a similar fate at the hands of the coalition, but the instrument this time was the potent House Rules Committee. A six-man coalition of four Southern Democrats and two Republicans, which controls the Rules Committee, refused to let the House confer with the Senate in an attempt to reconcile the differing education measures.

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Powerful forces are still at work for these bills, as well as for a number of other sidetracked social welfare proposals. Mr. Nixon is committed both to providing aid to education and to liberalizing the minimum wage program. Senator Kennedy is committed to adopting substantially more generous programs than those the Vice President has espoused. The conservatives won a respite of at least one year when they blocked action in the 86th Congress. But, come January, the fireworks will be touched off again.

Billions for Defense

Defense spending will edge higher no matter who wins in November. Mr. Eisenhower relinquished his claim to military omniscience during the August postscript session, and both Mr. Kennedy and Mr. Nixon—not to mention the Democratic and Republican platforms—are committed to heavier defense outlays.

One of the deep continuing concerns is this country's capability to fight the brush-fire wars. The military services want stronger conventional forces to meet threatened Communist outbreaks in smaller countries. Mr. Kennedy and Mr. Nixon have made it plain that they believe the demands are warranted.

Additional expenditures are in prospect, too, for Polaris submarines, missiles, the Samos satellite, and other space programs. Mr. Kennedy is the candidate who is criticizing the lag in United States preparedness, but Mr. Nixon has made no secret of his dissatisfaction with the pace of the American defense program.

Inventory Worries Easing

Government economists find a bright side to the cutbacks in inventory building that have played so important a part in the business slowdown. They contend that inventories are not so top-heavy now as they were in 1957 and that severe inventory cutbacks won't develop to aggravate the business downturn that seems to be in the making.

The experts don't mean to suggest that there won't be inventory reductions and that the reductions won't accentuate a dip. But they insist that the cuts will not have anything like the impact that they had during the 1958 recession. END

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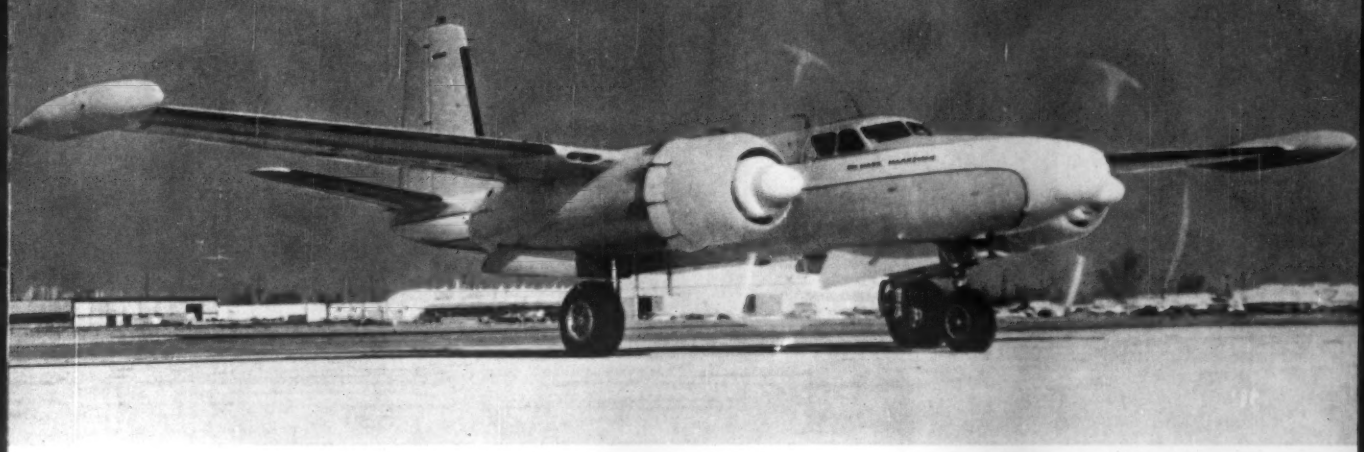

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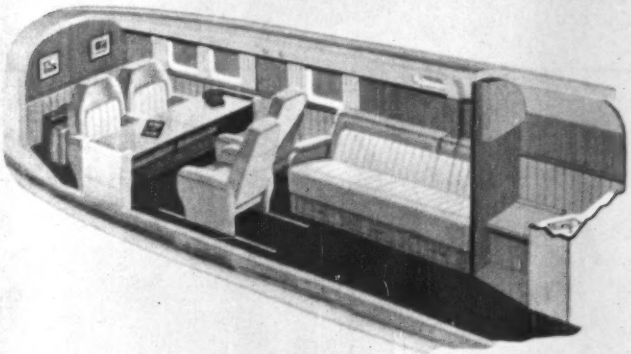

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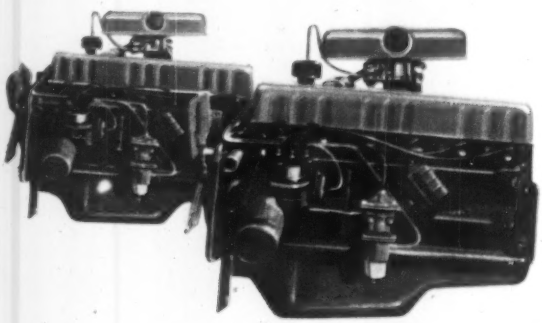

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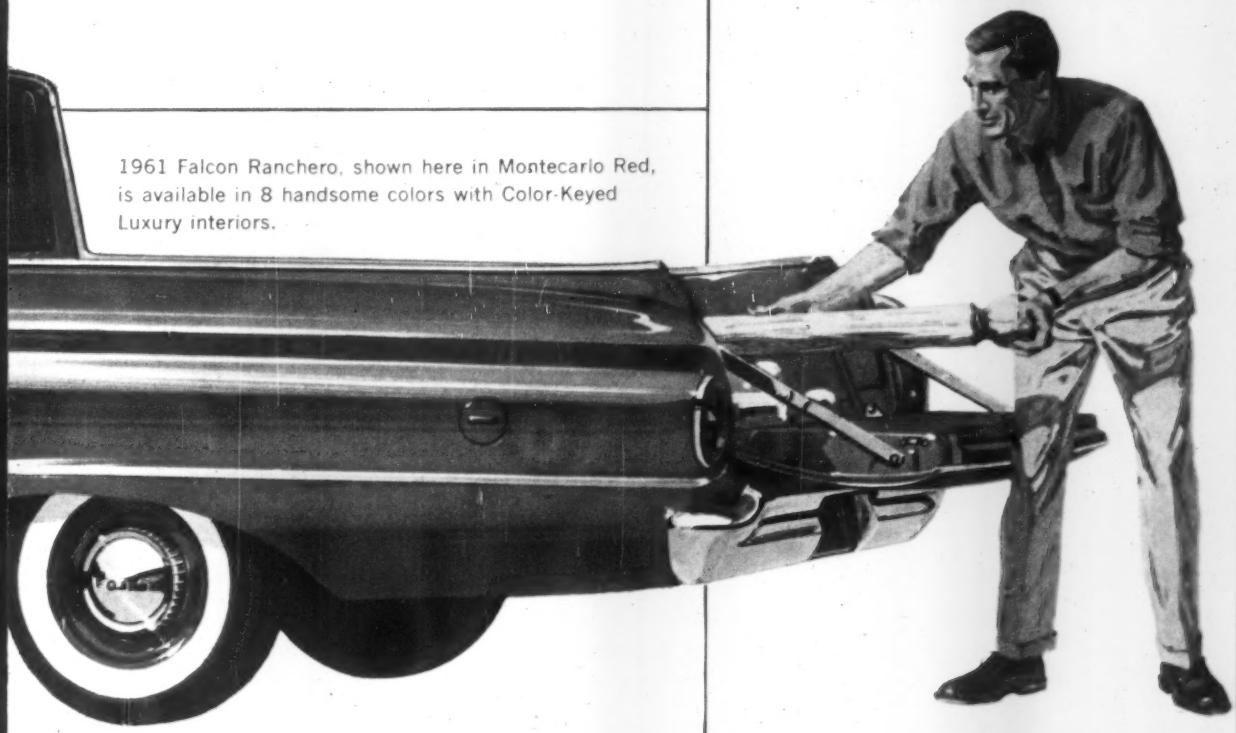
- *Rides, handles like a passenger car!*
- *High Falcon fashion inside as well as out!*
- *Optional Fordomatic Drive available!*

1961 Falcon Ranchero, shown here in Montecarlo Red, is available in 8 handsome colors with Color-Keyed Luxury interiors.



NEW HIGH-PERFORMANCE OPTIONAL SIX!

For '61 Ford's new Falcon Ranchero offers a choice of two modern gas-saving engines—144 Economy Six and, as an option, a new high-performance 170 Six. Both available with standard or Fordomatic transmissions. And thanks to the simplicity of their proven design, servicing is fast, low in cost!

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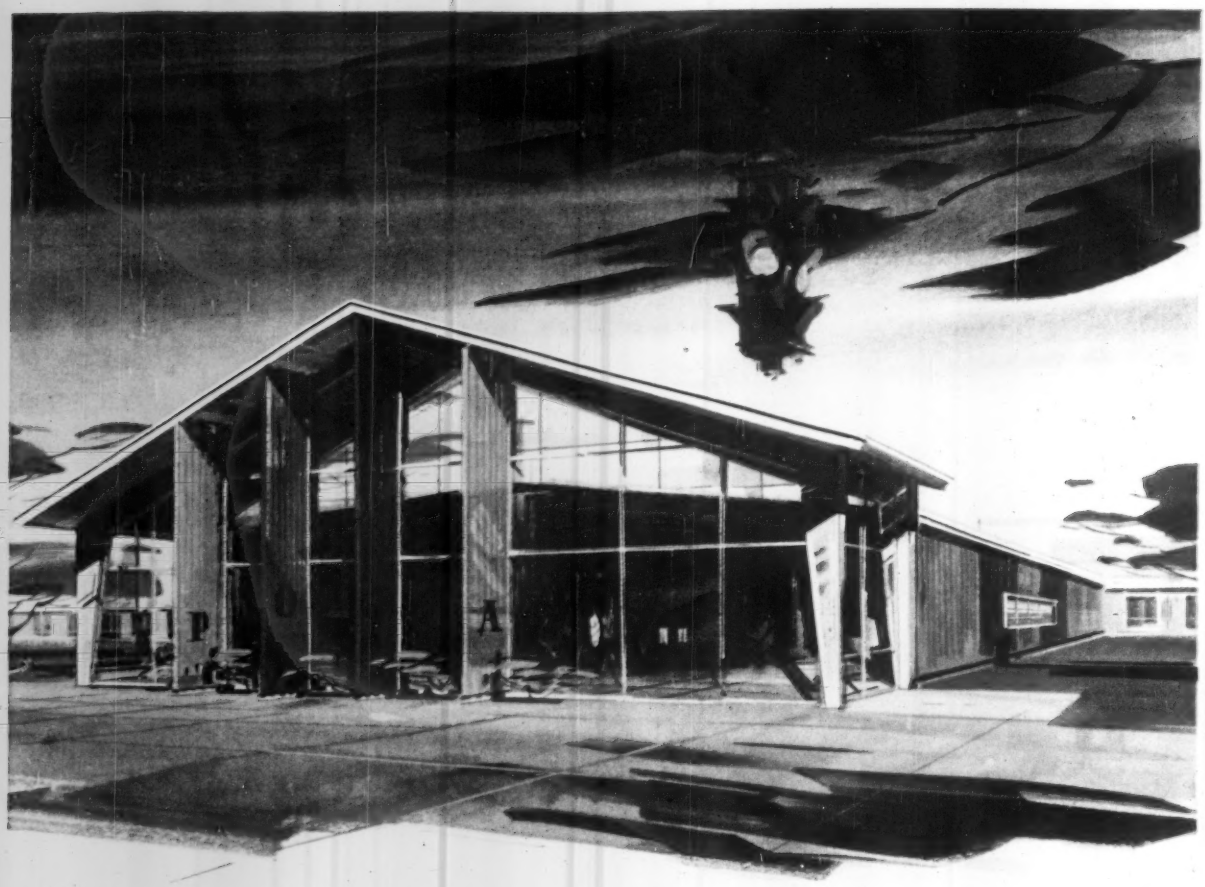

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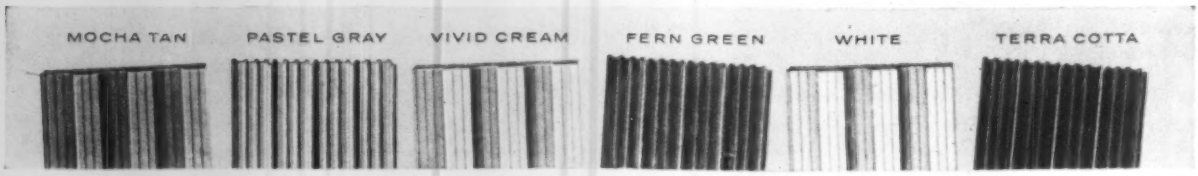

Voice of Industry

The taint of "Yankee imperialist"
Russia's workers producing more
Pressure groupism vs. democracy
Tips from the Orient

THOMAS R. REID, *assistant director, civic and governmental affairs office, Ford Motor Company.*

Business and Politics

The encouragement of political participation is not a union-management matter. It is a matter of transcendent importance to all of the American people.

The present business-man-in-politics movement began to gain momentum when business men finally realized that representative government in America could best be served by urging able people to become active in both political parties—and abandoned the idea that the only hope for America was building up one party and tearing down the other.

Government cannot be the private preserve of the political élite, the financial élite, or the organized élite of any category. The real issue in citizenship participation is not management vs. labor but pressure groupism vs. total democracy. There is nothing wrong with our Government or political system that participation by more people won't cure.

From an address to the Industrial Relations Research Association.

SHINKICHI MINAMI, *general manager for North and Central America, Mitsui & Co., Ltd.*

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In pursuing Japan's export objectives, our private enterprises concerned with foreign trade have established branch offices in almost all important foreign cities. Our import-export houses, a unique institution, conduct market research in foreign countries. Then, having analyzed market conditions and studied the saleable merchandise, they contact the proper manufacturers in Japan and offer their products, at attractive prices, to foreign customers.

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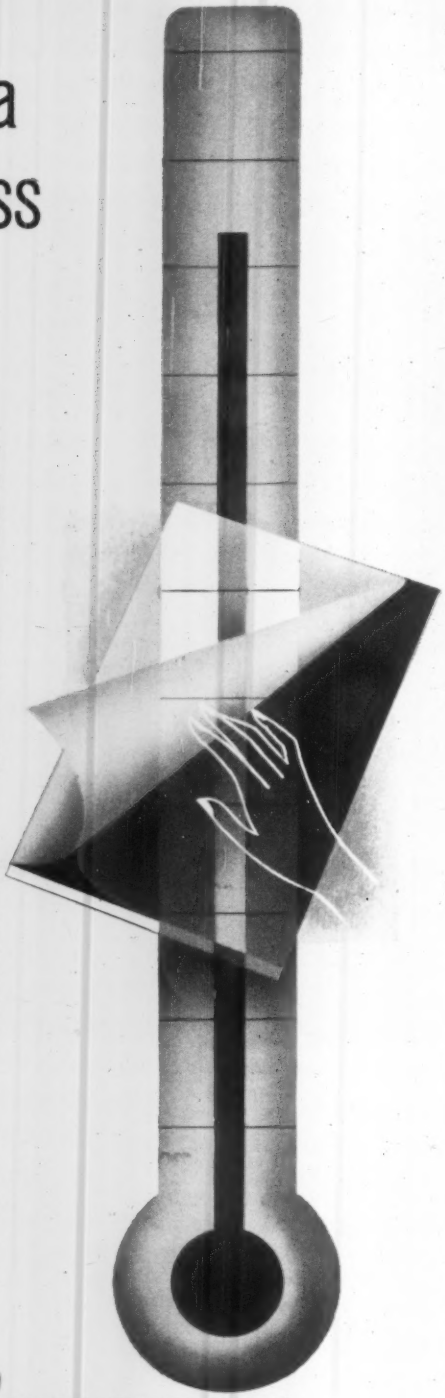

The Cleanliness Index dramatically demonstrates the wide gap in the cleanliness of spirit masters—ranging from the grime and aggravation of ordinary uncoated purple masters to the immaculate performance of Columbia's supercoated, super clean Marathon Blue Ready-Masters.

It could be quite a revelation to find out just how clean your spirit masters really are . . . not only in the preparation, but in the handling and duplicating as well. It could also result in quite a saving in time and money, to say nothing of the improvement of the quality of your duplicating.

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a particular product are much less than those of any individual manufacturer who establishes his own selling office abroad.

Japan's economy, of course, depends almost entirely on foreign trade. Exports and imports, which represent only 6 per cent of the United States GNP, total close to 25 per cent of the Japanese GNP.

From a speech before the NAM Marketing Committee.

CHARLES E. ALLEN, *vice-president—international operations, Hill and Knowlton, Inc.*

Business's Achilles Heel

Fidel Castro is a painful reminder of the power of public opinion to damage U.S. business abroad. He has used "Yankee imperialism" as a devil, and the Cuban public, showing little understanding of American business, has applauded his taking over U.S. enterprises.

There is abundant evidence that U.S. business has substantial public opinion problems overseas. Top management should analyze the situation in all its principal operating areas abroad. For instance, does it encourage local investors? Is the company doing as much local manufacturing, purchasing, research as is economically justified? Does it recruit, train, and promote nationals? Does it select the best rather than the most expendable Americans for overseas work? Does it use skill and sophistication in its relations with the host governments? Does it cooperate with other companies and U.S. Government agencies on broad policy matters?

It is not necessary to do all these things. But if management can modify irritations, it will be in a stronger

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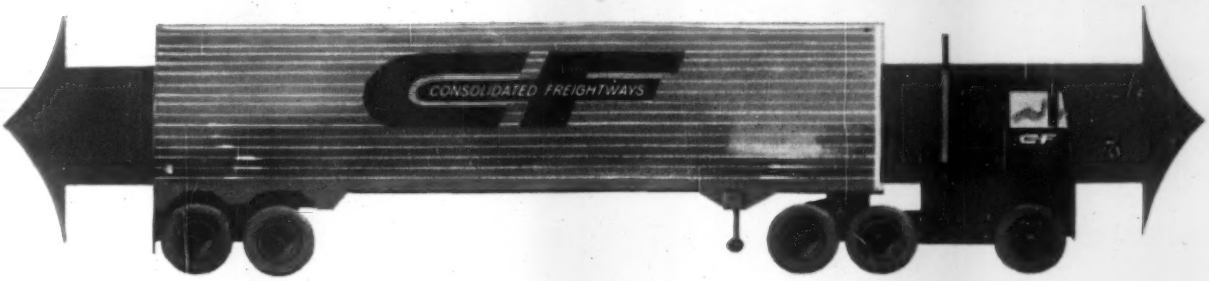

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position. If it cannot, it should devote substantial effort to helping the public appreciate the company's side of the situation.

From an address delivered during the American University's Training Program for International Business Executives.

CARROL M. SHANKS, *president, The Prudential Insurance Company of America.*

One Up for the U.S.S.R.

The U.S. is engaged today in a gigantic struggle with Russia—and unless we win the economic race, we are unlikely to have the opportunity to participate in other aspects of the contest.

The Soviet Union's stock of plant and equipment is much smaller than ours, and output per worker is far lower. But in the postwar period, the improvement in output per worker has for the first time surged substantially ahead of ours, and this is a result of the Russians' tremendous emphasis on capital goods production.

In every respect except the rate of modernization of our capital equipment the American economy is superior to the Russian. As a remedy, I propose that the tax laws be amended to provide substantial tax credits for plant and equipment purchased in any period when the unemployment rate exceeds a certain level.

What I'm suggesting, in effect, is that in place of a public works program during recessions, we substitute a private works program. It will provide a more effective balance against cyclical swings in economic activity and make a substantial contribution to higher long-term economic growth.

From a speech before the New Jersey Bankers Association.

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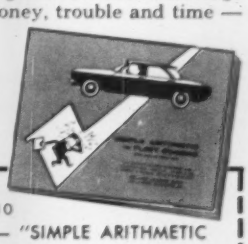

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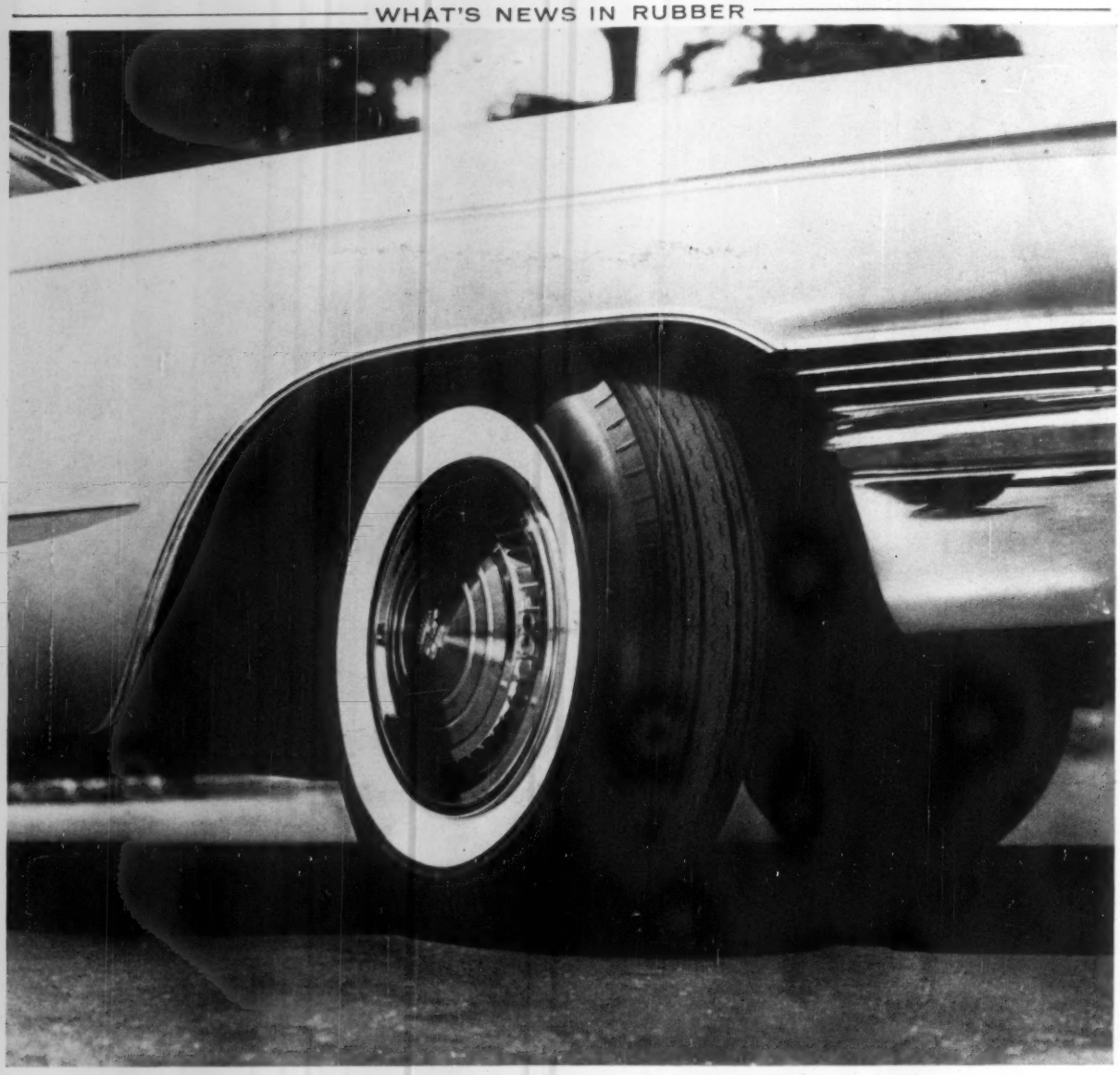

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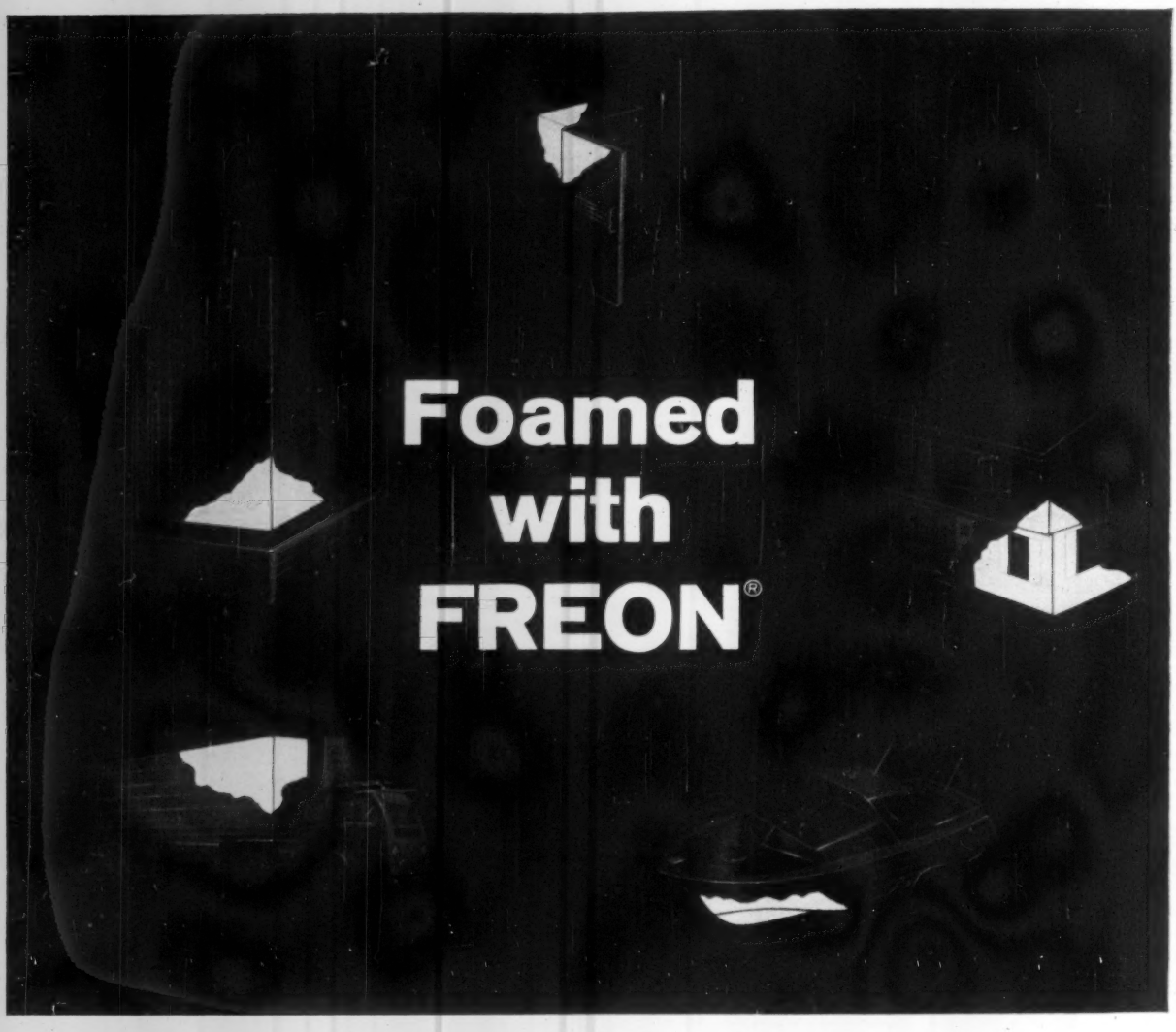

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DUN'S REVIEW
AND MODERN INDUSTRY
October 1960

EDITORIAL

The Ballot Privilege

EVERY four years the two-party system in the United States is pulled together by a number of loose strings in diverse areas. Party planks—composed of a variety of social, civic, and economic chips and splinters—are glued in place. Party lines that have more stretch than a nylon tow rope encompass the conflicting interests of agriculture and industry, the white collar and the blue collar, the liberal, conservative, and tentatively labeled independents.

Despite all the criticism of the patchwork design of the major parties, the American electoral system has the merit of a stability that is seldom equaled by the parliamentary systems of Europe, where in many countries a government can be swept away by a high tide of political passion on an issue of temporary significance.

Business men are paying more attention to their overall responsibility to government, as well as their individual duties as citizens. And their attitude as citizens outweighs any single party consideration. It is also apparent that the skilled laborer, the union member, cannot be dragooned into support of a single selfish banner. There is neither a business party nor a labor party in the United States, and we can be proud of that fact. The 263 organizations registered as lobbies in Washington represent every facet of agriculture, industry, health, education, recreation, and the arts. Some may exert undue pressure on legislators, but they are few. The members of Congress have their own personal consciences as well as their constituents to instruct them, and they listen to both —but in the order stated.

Public service in an elective office places the individual in an exposed position. He stands naked in his errors of judgment. It is often a thankless job, and the monetary sacrifice he makes, the public scrutiny to which he is subjected does not deter abuse from ignorant, often self-seeking critics. Thousands of elected and appointed public officials, men dedicated to the service of the local and national community, inevitably receive more brickbats than orchids—and they must learn to take them in stride.

Many citizens are vocal only when their pocketbooks are hurt, and business men are no exception. They are often inclined to dump their troubles on a corporation lawyer, a public relations pacifier, or a trade association secretary, and then praise or blame government representatives and servants according to the treatment they are accorded in tax, tariffs, or regulatory decisions. Being a citizen is every man's job, and when a business man, especially a manager of a large enterprise, shows a personal devotion to effective government he will help, by his public example, to take cynicism out of business and government relationship.

The Presidential election is a symbol, but back of it stands the day-by-day effort to give meaning and dignity to the privilege of citizenship. Our country stands as the bulwark of survival for free competitive enterprise, and the ballot is its most powerful weapon. Some voters, lacking reason and facts, vote against a man or a party for personal, vindictive, or ignorant reasons. But the ballot can only serve as a weapon for freedom in the hands of the citizen who knows not only whom he is against but what he is for—and why.

B. Local Working Conditions. The term "local working conditions" as used herein means specific practices or customs which reflect detailed application of the subject matter within the scope of wages, hours of work, or other conditions of employment and include practices, written or oral, on such matters. It is recognized that it is impracticable to set forth in this Agreement all of these working conditions, which are of a local nature only, or to state specifically in this Agreement which of these matters should be changed or eliminated. The following provisions provide general principles and procedures which explain the status of these matters and furnish necessary guideposts for the parties hereto and the Board.

1. It is recognized that an employee does not have the right to have a local working condition established, in any given situation or plant where such condition has not existed, during the term of this Agreement or to have an existing local working condition changed or eliminated, except to the extent necessary to require the application of a specific provision of this Agreement.

2. In no case shall local working conditions be effective to deprive any employee of rights under this Agreement. Should any employee believe that a local working condition is depriving him of the benefits of this Agreement, he shall have recourse to the grievance procedure and arbitration, if necessary, to require that the local working condition be changed or eliminated to provide the benefits established by this Agreement.

3. Should there be any local working conditions in effect which provide benefits that are in excess of or in addition to the benefits established by this Agreement, they shall remain in effect for the term of this Agreement, except as they are changed or eliminated by mutual agreement or in accordance with Paragraph 4 below.

4. The Company shall have the right to change or eliminate any local working condition if, as the result of action taken by Management under Section 3--Management, the basis for the existence of the local working condition is changed or eliminated, thereby making it unnecessary to continue such local working condition; provided, however, that when such a change or elimination is made by the Company any affected employee shall have recourse to the grievance procedure and arbitration, if necessary, to have the Company justify its action.

5. No local working condition shall hereafter be established or agreed to which changes or modifies any of the provisions of this Agreement. In the event such a local working condition is established or agreed to, it shall not be enforceable to the extent that it is inconsistent with or goes beyond the provisions of this Agreement, except as it is approved by an International Officer of the Union and the Industrial Relations Executive of the Company.

WORK RULES Can Manage

A SMALL but important unit of American Brake Shoe Company has been shut down tight practically all this year. The manganese steel castings plant, tucked away in Chicago Heights, Ill., has been closed in a dispute concerning management's right to change some of the work practices in the factory. Some 530 workers, members of the United Steelworkers of America, trooped out on January 6, and at last report neither labor nor management appeared inclined to give an inch in the costly argument.

Field reports flowing into the Washington office of Joseph F. Finnegan, director of the Federal Mediation and Conciliation Service, add to the body of evidence that restrictive work practices may well be the key bargaining issue of the 1960's. Federal mediators in all parts of the country report management is making a stiffer effort to make contract changes on work practices and management rights.

In many cases, management is unyielding in its attempts to recapture some of the prerogatives the unions have taken over. In other instances, reports a Philadelphia mediator, management is taking a "more subtle approach" by bargaining to "buy back" some long-established working conditions.

Emotion takes over

The phrase "work rules" has become a red rag to the cost-harassed business man. It took last year's record-long steel strike to crystallize the issue. And it is an issue that is charged with emotion. For management, the term "work rules" summons crowded visions of paid hands who shouldn't be on the payroll, or workers whiling away time they should spend at work they're getting

- *Management girds for a now-or-never battle*
- *Labor is bitter, fearful, resolved to hold on*
- *Growing peril: long, costly industrial strife*

ment Regain Its Rights?

paid for. For labor, it brings visions of the same employees pushed out of their jobs, standing in long lines at the unemployment office. Independent surveys show the steel workers didn't favor walking out over the wage issue last year. They closed ranks behind their union leadership, however, when the companies announced they intended to seek changes in the work rules.

Bound by contract and tradition

Work rules is another name for past practices, or local working conditions. It refers, generally, to customs built up in plants and offices over a period of years.

Legally, it affects only companies that have signed union contracts binding them to retain traditional work practices. The clause was accepted by U.S. Steel in the wee hours of an April morning in 1947, and in one form or another has since been written into other steel industry contracts, as well as contracts in other industries.

Having to stick with outdated work practices blocks cost-cutting efforts. Take, for example, a dispute that came to a head last year at A. M. Byers Company. For many years, the company's maintenance system was set up by "area assignment." This meant that each maintenance employee was "attached" to a particular area or operating unit on permanent assignment.

In an attempt to offset stiffening foreign competition and shrinking profit margins, the company established a "centralized maintenance" system, assigning employees from a central source and switching them from one area to the other as maintenance needs dictated.

The union protested the change, and its grievance went to arbitration. The arbitrator agreed that the area assignment program had been accompanied by inefficiencies and maintenance costs which were badly out of line. The old system required the full-time assignment of men to machinery which did not always require full-time servicing, and restricted the availability of men for work on other machinery which actually did need servicing.

The company admitted that the old plan had been followed as a matter of understood and recognized policy, but argued that under the contract's management clause, it retained the right to assign employees, and furthermore, that the new system was economically justified.

Down in black and white

The arbitrator, however, said the management clause also stated that the company, in exercising its rights, had to observe the provisions of the contract. And one of those provisions was the work rules section, which barred management from unilaterally making changes in work assignments. What's more, the work rules provision justified elimination of a past practice only if the basis for its existence was removed. Economic necessity alone wasn't enough.

Companies without such a clause in their contracts and non-union companies often find it as difficult to change work rules as do companies that are legally saddled with the provision. Take away something workers have come to regard as a right, such as fifteen minutes of "wash-up time" before the end of a shift or two-a-day coffee breaks, and you have grumbling, a likely drop in morale, and a possible decline in productivity. A change in working conditions results frequently in a slowdown or, in the case of unionized companies, a strike.

Notes E. Robert Livernash, professor of business administration at the Harvard University Graduate School of Business Administration: "The problem appears in varying forms in different plants and industries. Generally, practices and rules start out being quite reasonable; then, largely because of technological change, they may become costly and unreasonable. Since the pace of technological change is brisk, adjusting to such change will be one of the major labor-management issues in coming years."

Management must measure the potential gain from winning a drawn-out strike or reversing an extended slowdown and drop in productivity against the cost of the achievement. It would have taken years for the steel companies, for instance, to make up the losses caused by the strike even if they had won the contract changes they sought.

A matter of principle

Yet the principle at stake is to many companies so important that they are willing to risk the economic consequences of union reprisal. Management feels its right to manage has been usurped. It is determined to regain that right, and, in fact, deems it a desperate necessity if companies are to meet foreign competition and hold down rising costs in every area of operation. Labor, however, is equally firm, equally desperate, about not giving up what it won after long, hard bargaining.

This is the impasse that labor and management face today. To understand how it can be resolved, you have to look at its background. The position of the workers is rooted in

Fighting It Out

For some companies, the battle over work rules has already been joined. They've decided to fight it out with the unions—and the unions are just as determined to stick to their guns.

This spring, about 2,300 production workers at Alcoa's New Kensington, Pa., works voted to strike after the company fired a roller in the foil mill for refusing to do work normally assigned a millwright. An indication of the importance of the issue in employees' eyes was the fact that 85 per cent of the union's members at the plant turned out for a Sunday strike vote. Three days later, management agreed to reinstate the worker, take no punitive action against the strikers.

A nine-month strike at Standard Oil of Indiana's Sugar Creek, Mo., refinery ended in March with a company victory: Management can now assign workers to "work related and incidental to their primary assignments."

One of the costliest strikes in recent years—the 134-day Pittsburgh Plate Glass walkout which began on October 10, 1958—grew out of a company demand for a "full day's work for a day's pay," to assure it equity with competing firms. The company sought to eliminate work rules that, for example, permitted employees to complete a day's production quota in three hours. The strike involved 13,000 workers directly and cost them $28 million in wages. Management, which figures it lost $85 million during the walkout, won partial success in achieving its goals.

Just this summer, a strike shut down the Long Island Railroad, the nation's busiest commuter line, for 26 days. Some 900 passenger trainmen won a five-day week with no cut in pay, but the union had to make concessions to help meet the estimated $350,000-a-year cost of the settlement. Among them: changes in work rules that are expected to save the road $96,000 annually.

In early September, for the first time in its long history, the Pennsylvania Railroad was also shut down for twelve days. The union finally dropped its demand that Pennsy workers maintain any equipment leased out or sold. The road, on the other hand, agreed to fill all repair crew vacancies and to go easy on contracting locomotive rebuilding jobs.

abuses they experienced before the rise of union power. The local working conditions clause and others which management objects to on the same grounds were developed to check discrimination practiced by a good many employers.

The unions doggedly built job security and protection against abuse into their contracts, and they aren't going to give them up without a fight. They argue that they paid for work rule protection by settling for less than they otherwise would have demanded in wages and fringes. Management, then, must pay for anything it wants back.

Some experts hold that a union contract does not necessarily abrogate management rights. Says Walter V. Ronner, industrial relations vice-president of Budd Lewyt Electronics, Inc., New York: "Management rights are never given away at the bargaining table. It happens afterwards. Forget about management prerogatives during bargaining but watch them from Monday to Friday." Only too easily can a custom first established in the day-to-day operation of a company be frozen into permanence.

It is clear the unions can't forever hold back efficiency and progress, just as management can't turn back the clock. The steel industry tried that and pretty much failed. Other companies may be succeeding, but a "hard" approach has proven to be extremely costly, as in the case of American Brake Shoe.

Slow but sure

There are other approaches open, approaches which take more time, a measure of courage, and a lot of long-range planning. But, in the long run, they'll prove less costly and more effective.

The first thing is to determine the union's legal rights. Management shouldn't fear arbitration as long as it doesn't violate the contract. Too many managements automatically back off in the face of a threatened grievance over the work rules issue. They should keep in mind that:

- At last count, of some 186 disputes over the work rules issue decided by the U.S. Steel Board of Arbitration, management won 145.
- The union can't call a strike to back up every shop steward who threatens a grievance. Listen to Dr. Jules J. Justin, director of New York University's Industrial Relations Workshop, and one of the nation's top arbitrators: "Unions 'buy' arbitration during the contract term because generally they cannot afford to allow shop stewards to use the threat of a strike to settle grievance disputes. A union must save the threat of a strike to fortify its position in bargaining for new contract terms." Because every contract with an arbitration clause also has a no-strike clause, the company is legally protected from a strike during the contract term.

Tell them why

To avoid work rules disputes, keep the workers informed regularly about what management is doing, and why.

U.S. Steel's R. Conrad Cooper, the executive vice-president who headed up the industry's bargaining committee, admits the companies failed to make the workers see the competitive effect of wasteful work rules. Very few companies in any industry give their employees concrete facts about the day-to-day problem of competition. Yet it can be brought to the workers' attention by regularly devoting a page of the employee publication to news of competitors. A bar chart comparing sales of the current year with the previous year is another way of underlining the facts. The Norton Company of Worcester, Mass., set up a giant wall map pinpointing competitors' plants and sales offices to show employees the kind of market coverage it was up against.

When management opens the drive to regain its rights, it is well-advised to keep its aim steady on the work rules issue and make every effort not to destroy the effectiveness of responsible union leadership.

Union leaders are politicians, whose sole source of income is often their union salaries. If the rank and file

thinks it isn't getting enough out of management, they can get voted out of office.

Experienced industrial relations men say it pays to let the union boss look good, even if it hurts emotionally. He'll stand a better chance of getting his membership to back up his decisions at the bargaining table.

An unfortunate effect of the Landrum-Griffin Act, incidentally, is that factional leaders—taking advantage of its guarantee of democratic rights to locals and union members—are raising local work practices issues that are especially nettlesome. And they're now in a position to force their grievances into bargaining.

A worker's primary concern is job security. Don't do anything to raise the specter of joblessness. Normally, there is nothing in a union contract to prevent the installation of new equipment or to cut work crews when equipment is changed, though railroads are something of an exception. But if a worker thinks the new equipment will cost him his job, you can expect trouble, union or no.

This is one of the problems in the rail industry. The roads want to get rid of featherbedding, a term used by management to describe wasteful practices stemming from outdated and inefficient work rules. But from the workers' point of view, management simply wants to get rid of jobs.

In many cases, workers can be assured their jobs are safe. In other instances, normal labor turnover and attrition can take up the slack so nobody gets fired (see "When You Automate," DUN'S REVIEW, April 1960, page 42). It may take a while before the work force shrinks to optimum size, but the cost of temporarily carrying some excess payroll will be less than a long strike.

Let common sense prevail

The consensus of advice from labor relations experts is: Make up your mind that you are engaged in a long-term political campaign. You have to woo the "voters," keep them informed, whether they are organized or not. Don't try to change the status quo overnight—but don't back down when new issues arise. And don't overlook the techniques of human relations. If your employees can be convinced that retaining outdated work practices endangers their jobs, they'll tend to come around.

These tactics appear to be working in a number of companies. Although the steel industry failed to get any work rules provisions changed, the steady flow of communications on the subject during and since the walkout apparently has impressed many workers. Roger M. Blough, chairman of U.S. Steel, and A. B. Homer, president of Bethlehem Steel, say productivity has been on the rise lately.

A Bethlehem coke oven worker speaks for a number of his colleagues when he says: "The companies made some good points on work practices, and we had a lot of time to think." Adds a roller in the bar mill, a 25-year veteran: "It seems to me there's too much deadwood around."

Some companies already have policies designed to ease the burden of change on workers, thus paving the way for change itself. A new contract between Local 1 of the Amalgamated Lithographers of America and the Metropolitan (New York) Lithographers Association calls for employer support of a jointly administered education and training fund. The money is to be used not only to train apprentices but also to retrain craftsmen who have been displaced by improved methods of production.

Production procedures at S. W. Farber, Inc., a New York housewares manufacturer, were drastically revised with hardly a ripple after a thorough educational program to inform workers of what was coming. Management-employee cooperation in planning for the change enabled the company to install giant new polishing machines, overhead conveyor belts, and a new incentive system without worker resentment. The company assured the employees there would be no layoffs, and employee representatives were consulted before every move.

Call for diplomacy

Secretary of Labor James P. Mitchell feels joint union-management consultation is the best way, in the long run, to solve the work rules issue. He agrees that many work practices are "no longer purposeful," but doubts that "alternatives can be devised at a bargaining table, among people faced with a nerve-wracking deadline and in an atmosphere of tension and contention." Mitchell suggests the bargaining table should be supplemented by joint labor-management committees where there can be "quiet and objective and cooperative searching after solutions."

This takes statesmanship by management—and a renunciation of personal animosities—in even the smallest companies. But without statesmanship and patience, the work rules issue bids fair to make the 1960's a bitter decade of labor-management relations. —ALBERT C. LASHER

Strategy for Management

You can lose more than you'll gain by launching a "crash" program to do away with established work rules. The long-term approach takes patience and courage, but it pays off.

Know the union's legal rights. You may be able to call its bluff.

Tell your employees what management is doing—and why. Rumors wilt before the facts.

Help responsible union leaders keep face. Their jobs depend on their sticking up for the men they represent.

Realize that job security is the worker's prime concern. When you install new equipment, let turnover alone cut your payroll.

An exclusive

DUN'S REVIEW

interview

"Healthy companies lead to a healthy industry. The studied entry of new companies into the electronics industry is a salutary development in a competitive society. The semiconductor industry is a fine example of the contribution companies relatively new to electronics can make."

Sarnoff Still Sees '60's as "Soaring"

AFTER 54 years of ups and downs with the same company in the same major American industry, Brigadier General David Sarnoff isn't at all concerned by the initial faltering of the much-heralded "soaring '60's." He believes the electronic industry is standing on the threshold of a great era of expansion, during which much that is "electrified" will be "electronized," as he puts it. And he predicts that all industry will share in and benefit from this expansion.

Electronics' forward march will not represent a threat to any well-managed company outside the industry, according to the chief architect of the largest organization in electronics. Sarnoff declares that whenever electronics moves into a new field, established companies are the ones best able to take advantage of it. They already know the customers' ways, and how to approach them.

It is only when companies choose to ignore or attack electronics that they are hurt, says the General. (While rising from office boy of a predecessor company, American Marconi, to the chairmanship of the Radio Corporation of America, he concurrently served in the U.S. Army Reserve and was on active duty overseas during World War II.) As an example, he cites the Victor Talking Machine Company. When radio first appeared in the early 1920's, the phonograph industry, led by Victor, dismissed the "talking box" as a short-lived toy.

"Although they had the manufacturing facilities and distribution to take best advantage of the new invention, they chose to consider radio as minor-league competition and refused to have anything to do with it," Sarnoff recalls. "Within a few years, their conservative attitude was nearly vindicated by the first of many slumps in radio manufacturing."

This was in 1924. By 1929, The Victor Company was only a division of the rapidly expanding Radio Corp. of America. Quips the General: "The Victor dog had changed its master."

Sweet sound of success

The record and phonograph industry went into a sharp decline, partly because of the rise of radio, but it was soon stimulated to new heights by the public's renewed interest in music. The General believes that if the phonograph industry had capitalized on radio from the start, neither would have suffered its first bankruptcy-ridden slumps.

Sarnoff thinks that companies now manufacturing business machines and educational, power, lighting and medical equipment (see box), as well as many other manufacturers, must learn to utilize or complement electronics. Otherwise, he predicts, they risk the fate of The Victor Talking Machine Company. "It is obvious," says the general, "that well-managed companies today are wisely evaluating electronics in their product development programs."

For those companies that cannot utilize electronics in their products, General Sarnoff offers another way in which they can soar into the '60's hand-in-hand with the electronics industry. He sees application of electronics in the office and factory as the first line of defense against competition—both foreign and domestic—in the coming decade.

In many cases, electronic factory and office automation will call for radical readjustment of business and factory procedures—as well as proper consideration for workers displaced by new procedures and machines during the period of transition. But he is dead certain that "increasing competition in the future will place an increasing premium on the excellence of management and the preparation of aggressive and intelligent business plans," and that successful adjustment to automation will become one sign of the superior company.

Sitting in his office on the 53rd floor of the RCA Building, speaking through clouds of smoke from his cigar, Sarnoff then proceeded to evaluate other commonly feared threats to the soaring '60's: foreign competition, disarmament, and Governmen-

An Electronic Future

In addition to a steady spread of color TV, computers, and electronic controls in the factory, General Sarnoff predicts the wide use of some unusual electronic devices, and new applications of familiar ones:

- When computer-like "teaching machines" appear, the student will use a push-button panel on his machine to answer machine-posed questions appearing on a ground-glass viewing screen. He'll then be graded automatically and instantaneously. An additional step will be the "learning machine," which will study the aptitude of the student electronically and make note of its findings.
- Medical diagnosis by computer is drawing closer all the time. After the doctor feeds the patient's symptoms into the machine, the electronic "brain" will consult its great storehouse of symptomatic data to come up with the answer.
- A "hear-see" television tape player that reproduces TV images and sound over a standard TV set will be no larger than a high-quality magnetic tape sound recorder. The device will lead ultimately to a portable TV tape system that will supplement the motion picture and film in many broadcast, industrial, and home applications, providing "instant movies."
- The airliner of the not-too-distant future will be under automatic electronic control from the ground on takeoff, in flight, and even when landing and parking. Pilots will still be essential, but they will have scores of electronic "co-pilots" to make their jobs easier, safer, and more efficient.

tal involvement in business enterprise.

The General is "alert" to overseas competition but not worried about it: "Worrying doesn't do any good anyway." He is sure companies that emphasize research and "performance of a real service" need not fear losing their markets to foreign—or domestic—competitors, and he rejects tariffs and quotas as a solution, questioning the vigor of any company management, particularly in his own industry, that would lean heavily on these expedients.

He does, however, see alliances and joint ventures with foreign companies as one intelligent approach to the problem. (See "Meeting the Import Challenge," DUN'S REVIEW, April 1960, page 59.)

Worldwide markets

Yet the ultimate solution, Sarnoff believes, is for the nations of the world to "buy and sell more and more to each other." He sees wonderful opportunities for American industry during the industrialization period of what are now underdeveloped countries.

Reluctant as he is to make predictions, the General is certain that "the involvement of Government in business will become greater—not smaller—in the future." Rather than wringing their hands in helplessness, he says business men must simply learn to adjust to the growing role of Government. "Government involvement can't be avoided . . . nor will it necessarily be fatal to business."

Although the General doubts the likelihood of widespread disarmament in the coming decade, he refuses to believe that even if it occurred, the American economy would be crippled by the loss of armaments business. Few well-managed companies today, he points out, depend entirely on defense business. In addition, he observes, general disarmament wouldn't take place overnight.

Any sharp reduction in defense outlays would, of course, affect employment in the electronics industry, since over half its output goes to the military. But General Sarnoff is sure that the industry would dip into profits and assume the costs of the research and development needed to maintain the same level of commercial progress. Confidently, he reiterated at the end of the interview: "There is nothing I can conceive of that can stop the onward march of electronics." —MELVIN MANDELL

"The satellite communication technique now in its experimental stage may be one of the spectacular accomplishments of this decade."

"Electroluminescent panels, based in part on research that produced the color picture tube, herald an era of glare-free, low-power lighting."

"By the end of the decade, the microwave communication route map of the United States may well resemble a national road map."

When You Plan Your New Plant...

...Watch Out for These Pitfalls

JOHN McCABE

A PAPER manufacturer put up a new mill a few years ago that cost something over $15 million. It would have been one of the most efficient layouts in the industry—except that somebody forgot to provide for adequate disposal of waste chemicals. Now there's a five-acre lake of waste liquor beside the mill and the company is rapidly running out of land for reservoirs.

Another company, a food products processor, shut down one of its four plants and completely modernized the others at a cost of $600,000. Three years later it was realizing operating savings of just over $1 million a year.

The essential difference in these two cases was that the food processing company did a thorough and systematic job of planning for plant. The paper manufacturer did not.

These are extreme examples, of course, but they dramatize two important things about plant planning: One is that if you do it right, planning can produce sizable returns for your trouble. The other is that a poor job of planning can result in some very embarrassing mistakes.

The need for careful planning increases every year. The rapid growth in markets since the war and the almost explosive development of new products has brought about unprecedented activity in construction, expansion, and relocation of manufacturing facilities here and abroad.

Yet the findings of a recent survey conducted by Cresap, McCormick and Paget among 141 top industrial companies indicate that plant planning is still not getting the management attention it deserves.

The errors are not always as obvious to the eye as the paper mill's reservoir of waste liquor. Often they are detectable only on careful analysis. A chemical producer, for instance, seeking a larger share of market for one of its products, simply expanded its plant, which today is operating marginally at 50 per cent of capacity. Why? Because the company neglected to consider all alternatives, including building a new plant near the market it wanted to serve.

This failure to evaluate all promising alternative solutions is one of a number of pitfalls that companies commonly stumble into when they undertake plant planning. But there are others, such as:

- Failure to plan far enough ahead
- Lack of continuity in the planning process
- Inadequate policy guidance for planners
- Deficient organizational structure
- Staffing the planning function inadequately
- Relying on inaccurate or incomplete basic data
- Using improper planning techniques
- Failure to evaluate all major cost, and intangible, factors.

Nearsighted planning

Of the 141 respondents to the survey, about 15 per cent said they plan their plant needs less than two years ahead. Two-thirds of them plan from two to five years ahead. Since manufacturing facilities often require a lead time of two to three years for design, equipment procurement, and construction, a planning period of five years ahead should be a minimum for most industries.

The penalties of short-range planning can be severe. Prodded by high operating costs and poor communications, an electronics manufacturer decided to combine its five small plants into a single large facility. It planned the size of the new plant on the basis of a two-year forecast of sales. A year later, on the eve of signing the construction contract, the company checked its plans against a longer-range forecast and discovered that the consolidated facility would be wholly inadequate in three years. The delays and costs the company incurred in procuring additional land and revising construction and equipment purchase plans could have been avoided had plant planners looked far enough ahead at the start.

Stop-and-go planning

Right up to the time a plant installation is complete, continuous review is needed to reflect changes in sales forecasts, production process developments, and other factors. Yet fewer than half the companies answering the survey plan for plant on a continuing basis. This is a pitfall of special danger for growth companies! In industries where markets expand and shift rapidly, plant plans become obsolete fast. Review is a must.

Poor policy guidance

Forty per cent of the respondent companies lack the kind of plant planning policies that are essential for proper direction and coordination. Plant planners need clear guidelines that tell them whether a rural, urban, or suburban location is preferred, what size the labor force will be, and so on.

Faulty organization

Few management decisions involve larger, more irrevocable, or more enduring financial commitments than those made for constructing, modernizing, or expanding plant. Few decisions have such broad ramifications within a company. Logically, plant planning is a top management responsibility and it should be treated or-

A Case Study in Planning Facilities

After buying out another company, one chemical and pharmaceutical manufacturer decided to combine its newly acquired production and warehousing facilities with existing facilities in order to meet projected shipping needs in the most economical way.

The company's president set up a study committee staffed by members of the industrial engineering departments of both the acquired and existing operations. The committee was asked to analyze the production and warehousing facility space the combined operations would need in the foreseeable future, and to determine how the present, and perhaps additional, facilities could be combined for the most economical production.

Three alternatives were considered most promising:

- Combining all production and services at the existing plant and selling or leasing the acquired property
- Transferring all but chemical and sterile products manufacturing operations from the existing plant to the acquired plant, and centralizing production management and control at the acquired plant
- Combining all production and services at the acquired plant and selling or leasing the existing property.

The study committee's first step was to develop forecasts of production volumes for all acquired and existing products for a five-year period. These were based on sales estimates approved by the company's executive committee.

The study committee then set up production, equipment, and space standards in order to establish total space requirements for the projected production volumes.

To identify the cost factors that would be significantly affected by the alternative combinations, the committee next examined past labor and other expenses. Selected operating and capital costs were analyzed to determine how they would vary for each of the combinations. Other important considerations, such as the disruption of production and interplant trucking involved in separate facilities, improved coordination and control, and administrative savings to be gained from combining facilities, were also weighed.

A summary economic evaluation showed that in five years:

- Alternative A would produce annual savings of $126,432
- Alternative B would produce annual savings of $68,893
- Alternative C would result in an annual cost of $2,987,653.

Alternative C was discarded as clearly uneconomical. Alternative A was the most favorable from the standpoint of measurable savings but the committee selected Alternative B, since it had important intangible advantages, such as space for consolidation and land for expansion.

The committee also decided it would be far less disruptive to move part of the existing plant's operations to the acquired plant than vice versa.

The committee's recommendation favoring Alternative B was approved by the company's board of directors, and the company has now transferred to its acquired plant all facilities and operations except the manufacture of chemical and sterile products. The savings that the committee predicted are already being realized.

ganizationally as such. In spite of this, the planning function is often buried many levels below the chief executive, where it has trouble communicating with top management and obtaining capable staff. Often, too, key people are left out of the planning.

The man who will be responsible for operating the new facility should have a voice in the planning, along with market research and industrial engineering executives. It goes without saying that plant plans must be coordinated with the company's financial and other long-range plans. This is often done by centralizing all planning activities under one executive who reports directly to the president.

The question of staffing

Some companies lack the qualified people to do a good job of plant planning. Others have plenty of qualified staff but give them no time for the necessary study and analysis. When the work load warrants, the company should have a full-time, properly qualified staff to plan major projects on a continuing basis. Otherwise, it should at least assign personnel full-time for the duration of major planning projects, freeing them from the distraction of other duties.

Planners should have a balance of theoretical knowledge in industrial engineering and practical know-how in manufacturing problems. One airline gets excellent results from a facilities planning group supervised by an industrial engineer and staffed largely by men who started their careers as aircraft and engine mechanics.

Starting with weak data

The most meticulous and exhaustive plan is no better than the data on which it is based. Witness the plight of an electrical parts manufacturer rattling around in a barn of a plant that after a year is still half-empty. Management did a first-rate job of planning for this plant in all respects, except that the sales projection on which the whole plan was based turned out to be utterly unreliable.

The economic assumptions underlying the plant planning must be authoritative, and they must be thoroughly understood and approved by top management. Sales forecasts, particularly, demand careful and realistic market research—not wishful thinking.

Basic Tips on Plant Planning

A Checklist for Top Management

- Plan specific projects at least five years ahead.
- Continually review plans in the light of changes in the economy, markets, sales forecasts, manufacturing processes, wages, freight rates and other factors which could affect them.
- Establish clearly stated policies to guide planning efforts, spelling out management's attitude toward types of locations, preferred limits on plant employment, and so on.
- Fit the plant-planning function into the management organization structure at a high level, with responsibility and adequate authority clearly defined and delegated.
- Assign well-qualified personnel to plant planning—on a full-time basis if workload warrants.
- Make sure that basic data, such as sales forecasts and work standards, are authoritative and accurate.
- Use the best available methods and techniques to analyze all significant cost factors and intangibles that will affect your decision on size, type of plant, and location.
- Weigh all the promising alternative solutions to any plant-planning problem. No reasonable alternative should be arbitrarily dismissed without a hearing.

Wrong ways of planning

Too many companies ignore such up-to-date tools as manufacturing standards and detailed plant layouts. Often guessing at capital requirements takes the place of careful economic analysis. It seems an elementary pitfall to avoid, but some planners make the mistake of comparing apples with oranges when they make facilities studies. A housewares manufacturer, for instance, almost discarded a perfectly sound plan to consolidate three plants into one because it had lumped together the cost of several high-speed punch presses as replacements for the older, slower presses it was using. Naturally, this made the new plant look bad in comparison.

Analyzing cost and intangibles

A great many cost and intangible factors must be analyzed to come up with a fair evaluation of a project. Among those cited in the survey:

Cost Factors	No. of mentions
Wage rates and costs	99
Freight costs—outbound	90
Freight Costs—inbound	70
Building costs	63
Taxes	65

Intangible Factors	
Labor availability	104
Labor quality	82
Transportation services	82
Community environment	72
Union activity and relations	72

The most obvious factors are not always the most significant ones, either. For example, a bulk-product processor who had studied 50 locations was about to decide on one that promised labor savings of $100,000 a year when a last-minute check of freight costs revealed an increase which more than offset labor savings.

The innate complexity of the plant planning process produces a great many pitfalls besides those discussed here, of course. But these are the ones that appear to plague most companies most frequently. The management that avoids them will have gone a long way towards making sure that the money it spends on plant facilities is soundly invested. END

As a partner and senior associate of Crasap, McCormick and Paget, John McCabe has worked on a number of management consulting assignments concerned with plant planning problems and analyses.

To salesmen, an ogre—bullying, crafty, and venal.
To management, a lackey—indispensable but unrespected
and not always trusted. Such is the purchasing agent of legend,
whose image is fast being displaced by the
reality of today's trained, responsible purchasing executive.

The Myth of the Slick Purchasing Agent

CLARENCE B. RANDALL

TIME WAS when purchasing was a shoddy affair. The company buyer was a little man in the back room. He usually worked with his coat off, even in the winter. Inevitably he kept rolling a half-smoked cigar around in his mouth, and he held a short pencil between his fingers. He bought on price, and price only.

He loved to "sweat" the salesman. He would tell each that a competitor had quoted a lower figure, and let the poor anguished soul guess at his peril whether or not he was telling the truth, which he usually wasn't. If the commodity was one that was "stabilized" by the big producers and had a firm price that could not be broken, he would sign the contract but take a side agreement that the seller would later accept billing for a fake claim based upon an alleged shortage in quantity or defect in quality. This had the advantage that the supplier could covertly show the signed agreement to his competitor to prove that he had not cut the price.

His basic technique was to make all callers wait. Deliberate discourtesy seemed to be the only human approach he knew. His stuffy little reception room was often crowded, but he always took his time.

He would not only play one supplier against another, but within the same company whipsaw one man against another, hoping to get a break by catching them off guard. And don't think for a moment that he was above taking a kickback for himself.

In his ignorance he did not realize that he was defeating his own ends. He had the short pencil, but those with whom he dealt had the long memories. Behind the mask of their professional salesman smiles lay eternal loathing. As deception was piled upon deception and insult upon insult, they swore to take their revenge and square accounts. In the fullness of time they always did.

When the wheel of the economy turned round, so that the goods they sold were in short supply, and the crafty buyer needed their help badly, they drove in the knife, and drove it deep. It was their turn to make him wait. Even when he was compelled to bid frantically above the market, they found ways to discipline him.

Management paid little attention to all this. Purchasing was then classified as a nonproductive activity. Busi-

ness was thought to have two important aspects: making a product and selling it. Purchasing was grouped with accounting, research, advertising, and the like, as being on the fringe of utility.

Times suddenly changed with the coming of World War II. Because of the acute procurement difficulties, purchasing was catapulted into prominence. In the transition from a civilian to a war economy, many companies were saved from disaster solely by the ingenuity, persistence, and resourcefulness of their buyers. Highly competent people had to be given the responsibility for this vital function, and they brought new techniques and new standards of conduct.

At the end of hostilities, the sudden surge of demand for consumer goods made it imperative that these new standards be maintained. The atmosphere of the Kasbah was eliminated. The purchasing agent had to be a man of wise judgment and complete honesty of purpose, one who was justly proud of the contribution which he could make to the welfare of his company. Newcomers who now try the old way find to their sorrow that it doesn't pay off.

Yet this vital part of business has not yet created in the minds of young men the image that it is the road to success. In all the years that I personally selected young men from the senior classes of our leading colleges and universities, I do not recall a single occasion when the student, upon being asked what department of the business he thought he would prefer to go into, spoke up eagerly and said "purchasing."

Low cost is the lifeblood of the individual company, just as it is of the whole American economy, and no part of a company's overall effort is more directly concerned with profits than is purchasing.

Every fraternity house has a senior or two of suave manners and supple tongue, making usually only average grades, who can be typed at once for sales. They are sure of it themselves. Few of the brothers, however, suspect even inwardly that they would make good buyers. Nor can a recruiting officer recognize them by any attitudes of mind or outward characteristics.

Where then do the fine purchasing men come from? Some men drift into purchasing; others are shoved. The ranks are usually filled by hard-pressed management through sidewise transfers from other activities. Accounting is one source. Oddly enough, the sales department is another, on the hypothesis that a man can be taught to reverse his talents.

Our myopia about purchasing is such that we do not set about the orderly preparation of young men for this career. Pick up the catalogue of any business school. You will find many courses on merchandising, and professors who are nationally known as experts in that field, but seldom will you find the curriculum balanced with equal instruction in purchasing. Yet obviously these activities are reciprocal in significance. Every commodity that is sold by one company for use in industry is bought by another. The two operations would seem to be of equal dignity and importance.

The same imbalance usually appears also in the development programs within the company itself. In-plant training almost invariably puts more emphasis on selling than it does on buying. Sales trainees are sent through the entire operating sequence, department by department, to become saturated with knowledge of products and processes. Buying juniors spend long hours in the stockroom, see that part of the plant that lies between them and the cafeteria, and learn their part of the business by ear. At the top there might be several vice-presidents in the sales department. Buying is lucky to get one. Presidents seldom come up through purchasing.

Nevertheless, purchasing has arrived, and all this will change. The new philosophy of well-managed companies is that if continuing goodwill and intelligent cooperation is important at the outgoing end of the business between the seller and the customer, then the same sort of relationship should be established between the buyer and the supplier. If service and mutual understanding are important when the company ships to a valued account, it follows that they must be equally effective when acquiring the necessary inbound materials and equipment.

This does not mean, of course, that price is the slightest bit less important. Quite the contrary. Low cost is the lifeblood of the particular company; as it is of the whole American economy, and no part of the company's overall effort is more directly concerned with profit than purchasing.

For many companies a savings of 4 per cent on purchases is equivalent in terms of net profit to a 20 per cent increase in sales. Putting it another way, one could say that every $5 reduction in purchasing costs is equal to $2.40 of increased profit after taxes. This is highlighted by a recent study which showed that to produce $1 of net profit, sales had to go up $19.70.

If service and mutual understanding are important when the company ships to a valued account, it follows that they must be equally effective when acquiring the necessary inbound materials and equipment.

But this does not mean that price is everything. That is where the old-time slick purchasing agent with the sharp pencil went wrong.

First of all, low price is often merely a function of low quality. The competent buyer understands this. He has sufficient familiarity with the skills and equipment found in the plant of his supplier, and the requirements of his own, to recognize those situations in which quality must take precedence over price.

The same is true of delivery, service, and performance. He must have the insight to make, and the courage to defend, a decision to the effect that the obligation to perform is beyond the capacity of the offering organization to fulfill. Much better to accept a costlier proposal than to risk everything on the unproven capacity of a shaky new supplier who is trying to break into the field. A lawsuit for damages or a claim against the bonding company is a poor substitute for reliable, on-time delivery and smooth performance.

In making his choice among prospective suppliers, the competent buyer must at all costs assure himself there has been honest and vigorous competition in the bidding. No apparent price advantage can offset the

long-term damage that will be done by allowing himself to become known in the trade as an easy mark.

Unhappily, industry has not yet fully put its house in order on this point. In full defiance of both law and morality, purchasing agents are still occasionally framed by salesmen. Suppliers still yield to temptation and shake dice among themselves for jobs. When this happens, the buyer has no alternative but to break up the unconscionable practice by immediate and fearless action, even if the project at hand suffers a serious setback. He should stop at nothing, not even Federal prosecution that will bring stiff prison sentences.

Few areas of business activity are today in greater ferment with new approaches to industrial problems than is buying. Top management is fully alert to its importance and the urgency of supporting its efforts.

The ultimate objective of sound purchasing is to build continuing relationships with responsible organizations, and to that end the buyer cultivates his supplier as sedulously as the salesman cultivates his customer. He visits the plant of the other company and learns all he can about its processes. Just as the fine salesman studies the needs of his customer and points out ways in which the latter may improve his costs by changing the specification for the product, so the enlightened buyer points out to his supplier changes in equipment or techniques through which the product or the service which he offers could be bettered.

In building for the future, however, he must develop enough alternative sources of supply to assure a broad base for his company's requirements. His own plant may experience a sudden increase in demand or that of a supplier a sudden loss in capacity. It is his responsibility to hedge both of those risks.

In the building of a strong and enduring relationship there must be give and take. If the discredited habit of frightening and coercing salesmen by cracking a bullwhip over their heads is to be abandoned, it must be replaced by the concept of mutual understanding and joint effort.

The buyer must occasionally tailor his program to suit the exigencies of the other company. By not insisting strictly upon the delivery schedule which would be the absolute best from his point of view, he may be able to relieve a temporary situation that is creating difficulty for his supplier. By giving the supplier as much advance notice as possible when there is to be a change in specifications, or by recognizing a moral obligation toward a company that has made a substantial capital investment for the sole purpose of serving him better, he banks good will for the future.

A special problem is created when the buyer's own company produces a part of its requirements in a particular commodity, and purchases the remainder on the outside. Comes a recession, there is always a strong temptation for the purchasing agent to yield to pressure from his own colleagues and cut the outsiders off cold in order to save the production for the operations of his own people.

Nothing is more damaging to good will or more harmful to the American economy as a whole. When widely indulged in, this practice accentuates the cyclical downswing and distributes the burden unevenly among different groups of workers and varying sections of the country. Carried far enough in an important industry by enough companies, it focuses the hardship in limited areas and calls forth the wasteful processes of Government expenditure for aid to distressed communities.

At the national level, this process of putting immediate profit above the welfare of the country can create the most serious complications in our international relationships. For the most part, the new nations around the world have little trade except the export of raw materials. When boom conditions prevail with us, we augment our own dwindling supplies by buying from them. If, when the business cycle turns downward, we at once cut them off, we create disaster for their fragile economies. The Communists know this: They move in as we pull out.

To meet their vastly increased responsibilities, purchasing departments have moved swiftly into the field of data analysis. Good companies, following the example of their sales departments, have added purchasing research as a staff function.

Here keen minds are asking such questions as: Is it necessary? Can a less costly material be used? Are there enough suppliers? Has the supplier sufficient capacity? How much inventory is required in the light of the existing availability and consumption pattern? Is the supplier financially responsible? Are we sufficiently standardized? Are we grouping plant-wide needs for maximum economy?

From such studies, new ideas are emerging and new techniques are being put to use. In fact, few areas of business activity are today in greater ferment with new approaches to industrial problems than is buying. Best of all, top management is now fully alerted to the importance of the receiving end of the business, and fully challenged by the urgency of supporting its efforts.

No longer is the checking of invoices delegated to the office manager. No longer is the decision of what, where, or when to buy made by the owner himself. No longer does the engineer on the job place an order without consulting the man who will be responsible for the operation of the new equipment. Management procedures of the highest standards have replaced the catch-as-catch-can methods of the agent with the drooping cigar and the short pencil. Order is coming out of the chaos.

The purchasing agent must be a man of wise judgment and complete honesty of purpose. He must be a man who is justly and sincerely proud of the contribution he can make to the welfare of his company.

They are a proud lot, these modern purchasing officers. Their jobs have dignity, and their salaries are commensurate with their new status.

Occasionally, believe it or not, they even take salesmen out to lunch! END

Clarence B. Randall, now a Special Assistant on foreign economic policy to the President of the United States, is a distinguished elder statesman of American industry and author of *The Communist Challenge to American Business.*

Only a dream five years ago, the Common Market is a flourishing reality today. How will it affect the fortunes of U. S. business men with interests in Europe—and those now eyeing overseas markets?

"The Common Market Welcomes You"

An interview with Walter Hallstein

ON the top floor of a plain, workaday office building in Brussels' Upper City, history is being patiently molded by an unassuming German ex-law professor, Walter Hallstein, whose job is to make the six Common Market nations work as one.

It was only a few months ago (see box) that they decided to move faster towards making the Market a practical reality. "How," Hallstein was recently asked, "would this new accelerated timetable affect American business?"

"One of its effects," he replied, "will be to lower the Community's common external tariff. Since the countries will be reducing national trade barriers at a faster rate, they must, at the same time, accelerate application of the other features of the Common Market—including replacing national tariffs on goods from other countries with a common tariff."

Hallstein explained that the common external tariff would prevent the Community from developing into a mere free trade area, that it would be a force for greater integration in Western Europe.

"The acceleration means tariff reduction. The first moves to bring national tariffs towards the common tariff are now to be taken before the end of this year, instead of the end of 1961. And the common external tar-

The EEC—Background and Outlook

The Common Market, the Inner Six, the EEC—all three nicknames denote the European Economic Community which France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg set up when they signed the Rome Treaty in 1957. Last May the EEC agreed to speed up its original timetable, which called for gradually working towards a free flow of capital, goods, and labor within the Common Market over a twelve-to-fifteen year period.

At the same time, the EEC revised its proposed common tariff, which was to have been an average of its members' national tariffs in effect in 1957. The 20 per cent reduction now planned should help overcome the objections of outside traders with the Benelux nations, whose tariffs are lower than the common average.

The stated aims of the Common Market are to bring about "ever closer union among the European peoples" and to better the living and working conditions of its 170 million people. When the EEC becomes fully operative, it will be the world's greatest single trading unit, with a common commercial policy towards outsiders. In the meantime, the individual nations' representatives in the U.S., listed at right, continue to answer American business men's questions about industry, commerce, and investment in their countries.

In New York:

Board of Industrial Development of Luxembourg
200 East 42nd Street

Belgian Industrial Information
Room 3004
630 Fifth Ave.

In Washington, D.C.:

Foreign Investment Office
Italian Embassy
2401 15th Street, N.W.

The Commercial Counselor
French Embassy
1001 Connecticut Ave., N.W.

The Commercial Counselor
German Embassy
1716 New Hampshire Ave., N.W.

The Commercial Counselor
Netherlands Embassy
1470 Euclid Street, N.W.

iff will probably be 20 per cent lower than originally planned."

Hallstein's plan to accelerate the Rome Treaty timetable was essentially a mechanism to get the Common Market on its feet before anyone had a chance to destroy it. This was no mean task, and for a while he was opposed by powerful forces even in the German government. But his ability as a negotiator, and energetic groups within the individual countries, carried the day.

In Hallstein's opinion, the creation of a vast new market in Europe is

IN AN EXCLUSIVE DUN'S REVIEW *interview, Walter Hallstein, president of the EEC's executive commission, tells how American business can benefit from new trade bloc.*

really a great opportunity for U.S. business.

"All business?" he was asked.

"Well, the ones that benefit most will be those with a high degree of technical development or a high degree of capital investment, both strong points in American industry."

"How about consumer goods?"

"These might not benefit quite so readily. But European consumer goods manufacturers confront the same major difficulty that American ones do: They both face keen competition from other countries, in particular from the young countries of the world."

"How about all the American companies which have moved to Europe? Where do you think Americans are better off exporting, and where they are better off with branches or subsidiaries inside the Common Market?"

"I think that one has to distinguish between industries. It depends on how much labor figures in the cost structure, how much raw material comes from Europe, whether the product itself is bulky and costly to transport. In these cases, there are clear advantages in setting up in Europe. In other cases, the advantages may not be so great. As the Common Market develops and its economy becomes more comparable with the U.S. economy, the picture may change somewhat, but a company's decision on producing in Europe will always depend upon some of the factors I mentioned."

American capital is welcome in Europe today, Hallstein notes, and conditions for capital imports may become even more favorable.

"Would you recommend that an American company establish a single selling agent for the whole Common Market?" he was asked.

The commission president took off his spectacles and rubbed them on his forehead. "Here, of course, one has to bear in mind that we are still in the process of removing trade barriers between our countries. Until they are completely down, it may still be necessary for American companies to have sales agents in the separate Community countries or customs areas, or else to use the services of national companies."

"Many American companies go abroad because wage costs are lower in Europe than in the U.S. Yet isn't the wage-cost spiral a problem in Europe today?" Hallstein was asked.

He replied that in spite of wage rises in Germany, the Netherlands, and France, increased productivity has made it possible to keep prices stable. He doubts that labor union pressure for higher wages will lead to substantial price increases, because the high level of investment should mean a continuing rise in productivity, which to a large extent will offset any wage increases.

Asked about labor-management relations, he explained that in Italy and Luxembourg, labor interests are represented by a Council composed only of labor representatives, but that in the Netherlands and Germany, a similar council includes employers. In Belgium and France, employers and workers sit together in certain committees dealing mainly with economic matters, but the usual sort of problems are handled by trade union representatives. "I think," Hallstein concluded, "that whatever the system, one can say that these relations are in good shape."

Last November, other West European nations which did not choose to join the Common Market signed a treaty setting up the European Free Trade Association. The EFTA—known as the Outer Seven, in contrast to the EEC's Inner Six—comprises Austria, Denmark, Great Britain, Norway, Portugal, Sweden, and Switzerland. (Finland, too, has asked to join.) They have already started to remove trade barriers among themselves, beginning with a 20 per cent tariff reduction this July.

"The Sixes and Sevens are often discussed in American business circles. What are the chances of their getting together?" Hallstein was asked.

"I think we are already getting at the difficulties between the Community and the EFTA countries," he replied after a pause. "EFTA representatives acknowledged that it was impossible to seek a long-term solution at this stage. So we all agreed to start talking about specific points where the shoe pinches.

"In other words, we are making the famous bridge between the Six—the Common Market—and the Seven, but it will be a bridge for the U.S. and Canada to use, as well as European countries outside the European Economic Community and the Seven."

—TAMAR AIELLO

Scope of Rust-Oleum's European marketing operation is seen in this spread of catalogs in languages used in some of the Common Market and EFTA countries. Company's products are supplied from new plant in the Netherlands.

How One Company Cracked the Common Market

The experience of this medium-size manufacturer, who's already proving that American marketing techniques pay off in Europe, points a clear moral for the overseas-minded company: Setting up a foreign operation demands careful planning, alertness to foreign market needs.

ON MAY 1, production at the Rust-Oleum plant in Haarlem, the Netherlands, got under way. Ten days later, the first batch of rust-preventive coatings was ready for shipment. By June, the company's full line of products—130 in all—was being sent to distributors throughout the six-nation Common Market.

Behind this production chronology is the story of how an Evanston, Ill., manufacturer planned and executed its invasion of the trade bloc.

Two years ago, the Rust-Oleum management decided that this market—with a combined population comparable to that of the United States—was worth investigating. The company was no stranger to overseas markets. For ten years, it had been selling its goods to distributors in the Far East, and it also did a limited business in Europe and the Middle East.

Robert A. Fergusson, the company's president, learned one lesson from his previous overseas efforts. If the business is worth going after, it's worth sending your first team.

As part of the preliminary planning, Fergusson went to Europe in 1958 to study European marketing methods and also to look for a possible plant location from which the Common Market and other European countries could be served.

On June 9, 1960, a sixteen-man Rust-Oleum task force sailed for the Netherlands. The object of the second invasion was not to gather information about the feasibility of setting up manufacturing facilities in the EEC, but to introduce new selling techniques to European distributors.

During the eighteen months which elapsed between Fergusson's trip and the date on which the task force sailed, the major decisions regarding the Common Market operation were made.

The Netherlands had been selected as the site for the new plant because of the availability of well-trained labor—drawn especially from the influx of Dutch nationals returning from Indonesia—and the ready convertibility of the Dutch guilder.

In addition, Holland particularly welcomes manufacturing companies, for it is long on commerce, short on industry.

Establishment of the Haarlem plant

was not absolutely essential for servicing the European market, according to Donald Fergusson, vice-president of Rust-Oleum. But, he says, it will solve a lot of headaches that were present when products for the firm's seventeen European distributors were shipped from Illinois.

European shipments were being packed in standard American measures, whereas European requirements for most markets are based on the metric system or the British imperial gallon. Switching over, however, would have complicated packaging operations at the Evanston plant.

But the major advantages of supplying the European market from the Haarlem plant rather than from the United States are, of course, greatly reduced freight costs, less red tape involved in shipping from one EEC country to another, lower tariffs, and lower labor costs.

Greater cooperation may be expected from government officials when their nation's raw materials are used. The only raw material shipped from the United States is the processed fish oil base of the rust preventives. Most pigments, containers, and cartons come from Holland or other nearby European countries.

Dearth of market data

One of the difficulties encountered by Rust-Oleum in the planning stage was the lack of accurate market data. In the United States, such data are readily available for every section of the country. In Europe, you must develop your own.

According to Donald Fergusson, letters to various chambers of commerce are a good start. The information received as a result of these letters, combined with whatever government information was available, were welded into a marketing guide which is now being put to use.

Specialized sales tools are an important part of Rust-Oleum's venture into the new market. Its distributors are supplied with 38-page, full-color general systems brochures printed in German, French, Dutch, Italian, Swedish, Norwegian, and English. Each brochure includes actual color strips of Rust-Oleum coatings.

A 16-page full-color marine catalog is printed in the same languages. Demonstration kits (which include test samples, brushes, magnifying glasses and paint scrapers) are also provided.

All labels for the Haarlem plant are printed in English as well as the language of the country of consumption, to underline the product's American origin, which lend its prestige in Europe.

A heavy advertising program is pushing Rust-Oleum's EEC effort, with coverage in twenty European business and trade publications.

The sixteen-man company task force is already training European distributors to use one successful American marketing technique — demonstration selling. Rust-Oleum European salesmen now look around for rustable metal when they call on manufacturers and apply protective coatings on test patches.

Although personnel from the Evanston headquarters spend three-to-six-month tours of duty in Haarlem, the plant is staffed and managed by Dutch nationals. An American plant superintendent is in charge for the first two years. Later, the job will be turned over to a Netherlander. The new superintendent will get three month's training in the United States.

According to Donald Fergusson, there is far greater need to set procedures down in writing for a European than for a domestic operation. The Haarlem plant is expected to run largely without supervision from Evanston, and the operations manual should answer most questions. The one currently in use is roughly the size of two Manhattan phone books.

The manual also describes each job, from filler to plant superintendent, in complete detail, so that there can be no question as to who is responsible for what.

Most European industries are on a six-day week, but the Rust-Oleum plant operates five days, nine hours a day. Netherlands Government approval was required for this schedule, as it is for many things which in the United States are left to the option of the employer.

The next move will be to set up a plant in Canada. Actually, the company's management was debating two years ago whether the second plant was to be in Canada or in Europe. When the reports on the Common Market were evaluated, management decided the EEC took definite priority and launched its European campaign. —AARON STERNFIELD

Growth Market par excellence*

Rust-Oleum's Haarlem plant will also supply the seven countries in the European Free Trade Association (see page 51), as well as the six EEC nations. The EFTA—with an additional 80 million potential customers—offers all the advantages of the EEC except the tariff reductions.

Included in the two groups are ten cities with populations of more than a million, 23 cities between 500,000 and 1,000,000 population, 169 cities between 100,000 and 500,000, and 196 cities between 50,000 and 100,000—some 398 marketing centers in all.

Rust-Oleum uses a county-by-county breakdown in the United States, stepped up into metropolitan areas and sales territories. A similar system, with provinces substituted for counties, is used in Europe, based on leading marketing centers of 25,000 or more and coupled with a weighted breakdown of industrial and commercial businesses.

In the United States, about 70 per cent of the firm's gallonage goes to industrial users, with the balance for home use. The ratio in Europe is expected to be about the same.

Says President Robert Fergusson: "The two European economic groups include over 500,000 manufacturing establishments. There's an entirely new growth-minded, capitalistic way of thinking on the Continent, largely fostered by American post-war policies—and the gross national products of those countries are growing almost twice as fast as that of the United States."

* Or—in the other languages current in the EEC and EFTA—*forste klasses* (Danish); *bij uitstek* (Dutch); *first-rate* (English); *aller erste Klasse* (German); *tereccellenze* (Italian); *i utpreget grad* (Norwegian); *por excêlencia* (Portuguese); *av första klassen* (Swedish).

What does **Performability** *mean to your fleet operation?*

Your own fleet operation will show real savings and run far smoother with the '61 Lark. Already fleet proven in wide use, The Lark with new improvements and advances has Performability – and here's how you benefit:

Even greater Economy! The all-new Skybolt Six engine, of valve-in-head design and 112 HP, has already shown 17% greater gasoline mileage than Larks used in more than 1000 fleets last year . . . pre-tested and proven in the field by the largest "blue chip" fleet operators!

Even greater Performance! Acceleration your drivers want—10% better at low speeds, 18% better at middle speeds, 35% better at high cruising speeds for safe passing.

Even greater Driver Comfort and Safety! A new recirculating ball steering system and new front suspension make steering 30% easier. Also new for '61—handsome safety-padded dash—increased legroom—smart low-silhouette body styling—increased visibility—oversize bonded brakes! And still those wonderful flat floors, high headroom, big seats, matchless roadability.

Even greater Maintenance Savings! Fleet records already show The Lark saves ⅓ on maintenance, compared to other cars. But this year new brakes, new larger clutch (for the Skybolt Six) and several servicing improvements (such as a counterbalanced hood) will save you even more.

The Sum Total of 2000 engineering and design improvements, perfected and coordinated, give the '61 Lark unique response, economy, durability. That's '61 Lark PERFORMABILITY. You have to drive it to believe it!

NO CLAIMS, NO GUESSES—THESE ARE THE FACTS

Actual field tests by commercial and government fleets show uniform satisfaction— "Excellent acceleration from standing start, good passing performance"..."Good hill climbing"..."Excellent maneuverability and directional stability"..."Exceptionally good (steering) response and light touch"..."Good clutch and brake action"..."Better roadability than any car I have ever used."
Certified by United States Testing Company.

113" WHEELBASE LARK | CHAMP TRUCK | 108½" WHEELBASE LARK

YOUR WIDEST CHOICE – A SUPERIOR-PERFORMING FLEET VEHICLE FOR EVERY FLEET NEED!

The new

'61 LARK

by Studebaker

Performability

you have to drive it to believe it!

LET US SEND YOU THE FACTS!

Fleet Sales Division, Studebaker-Packard Corp., South Bend 27, Indiana

☐ Send us informative literature only

☐ Have a factory representative call me for an appointment

NAME _____
PLEASE PRINT

TITLE _____

COMPANY _____

ADDRESS _____

DR 10-60-F1

Telephone people make good neighbors

On the pole or at the switchboard, telephone people everywhere have common cause.

It's service, sweetened always with plain, old-fashioned courtesy.

Behind it are countless miles of wire, forests of poles, tons of electronic equipment and multiple millions of telephone receivers to keep the whole nation in closer touch.

To bankers this service is vital. And wherever and whenever possible they match it with the many financial services that help all private enterprise function more efficiently.

The Chase Manhattan Bank, a leader in financial counseling to business and industry, is proud to share in commercial banking's long service to the telephone companies of America.

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CHASE
MANHATTAN
BANK

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Head Office: New York 15, N.Y.

Member Federal Deposit Insurance Corporation

A TELEPHONE CREW TAKES TIME OUT FOR LUNCH PHOTO BY ELLIOT ERWITT

The "organization man" is under fire, and the "corporate image" is called a mask for opportunism. What can the executive do to counter the critics, and define the limits of his own responsibility?

Men, Morality, and Management

A. M. SULLIVAN

WRONG DECISIONS have been made ever since Adam took his wife's advice instead of thinking things out for himself, and the need for good leadership began when Noah captained the Ark. Good leadership is the act of management, and when it is applied to a corporation or any group adventure, whether military, social, or religious, it calls for more risk than prudence, more understanding than tact, more principle than expediency.

Despite all the democracy associated with the free enterprise system, and the selection, training, and advancement of managers, the corporation enjoys the continuity of a monarchy and some of its regal aspects of authority.

The man in management has two facets—the boss and the employee, the white collar and the blue collar, the producer and consumer—cause and effect in every situation.

Moral responsibility begins at the top and filters down through middle management, supervisors, and foremen. It includes the complex and relative ethics of wages, work rules, seniority, fringes, profit participation, and pensions. It includes a proper estimate of the worth of the specialist in technology and research and in various staff assignments which seldom lead to the top.

The moral aspect begins with self-respect and is always the same, whether management faces the consuming public, the profit-sharing stockholder, or the profit-making staff. The conscience of the manager is also alive to his inherent responsibility for the attitude of the society created within an industrial democracy.

Much is said in criticism of the "organization man," a dehumanized entity whose soul is hardened to a fixed pattern, a being who acts with the movement of a robot. The "organization man," like the "average man," doesn't exist except as a generalization. There is enough of the organizational imprint on many executives to cramp their thinking routines, but rigid organizational behavior is not a benchmark of quality management, for good leadership must be flexible and a bit competitive in tactics.

The experienced manager asks all the significant questions bearing on a situation but never tries to know all the answers in finance, technology, or marketing. He places these chores on the shoulders of specialists who keep their noses close to the blueprint, shop order, and balance sheet, while the decision-maker keeps his eye on the long-term growth target and the short-term profit projection.

The alert manager is often autocratic—but with good reason and from a keen appraisal of the facts. He will alarm his subordinates, puzzle his competitors, and occasionally frighten the stockholders. He knows that the democratic, committee-dictated, majority-voted decision is usually late, second-best, and mediocre. The imaginative and inspired president of a company is never infallible, but he has to act like it before his employees—and frequently in front of his board of directors as well.

What, then, is the over-all responsibility of the top man in management to the lower man in management, to the white-collar and the blue-collar man, and to his neighbor in general? Is his primary duty confined to the perimeters of business, or does it include a larger duty to society?

Society can be roughly divided into three broad categories—political, economic, and cultural. Management has a responsibility to all three. It cannot be selective of one at the expense of the others. There is no easily defined point of cleavage among them. Management has a primary interest in profits as the blood fuel of a healthy anatomy, and it need make no apology for the "work for gain" premise of a commercial enterprise.

The capitalistic incentive method finds historic encouragement in the New Testament parable of the talents, in which the servants of the king are commended for their ability to increase the original stake provided at risk for gain.

But if profits are necessary to survival and growth, they are not the exclusive goal of a managerial society.

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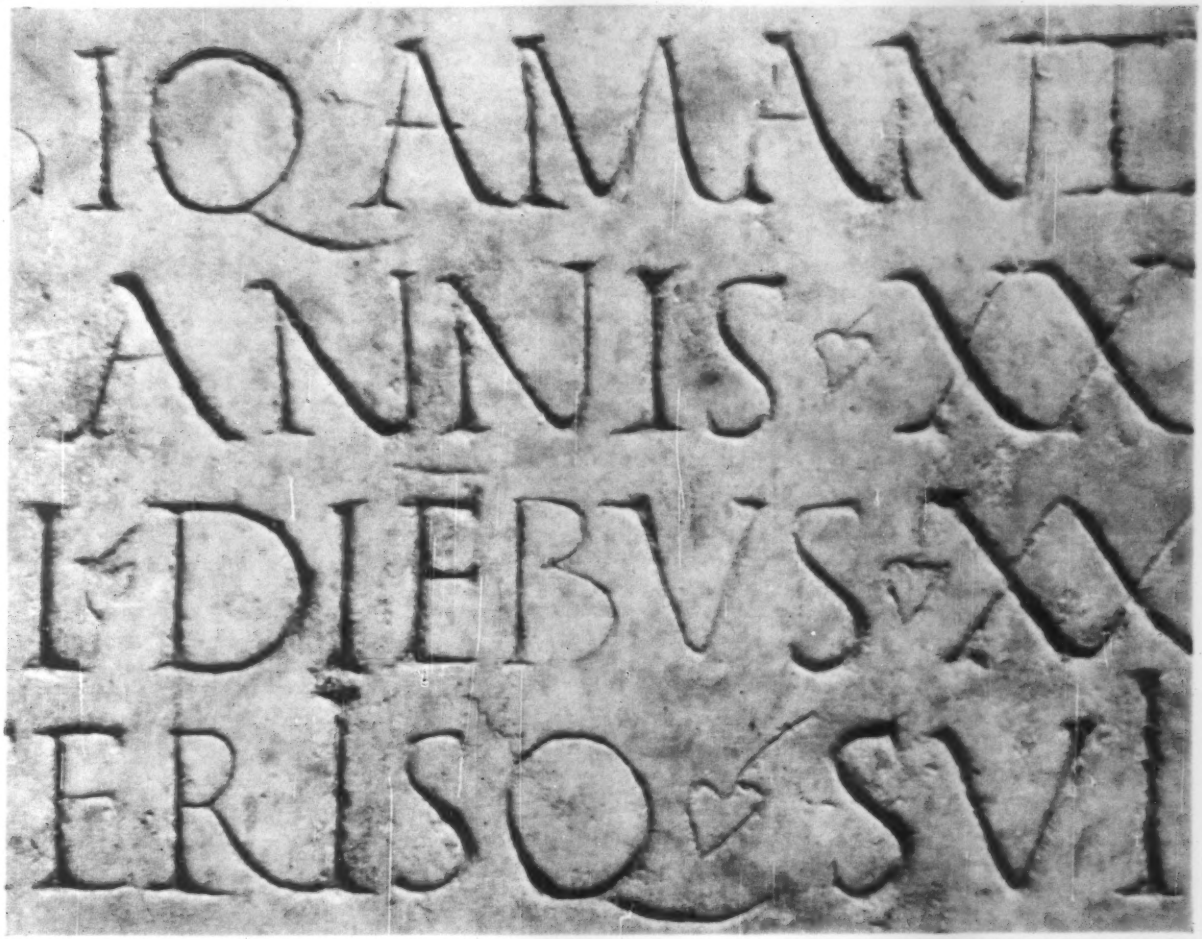
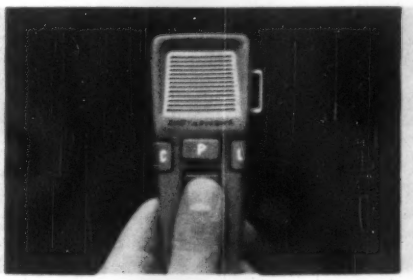


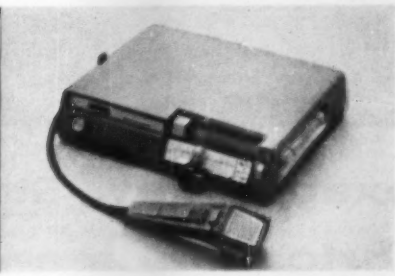
Courtesy of The Metropolitan Museum of Art, Gift of Philip Hofer, 1938.

You can't erase a Dictabelt accidentally, either

The sound you can see. Unlike some recording media, the red Dictabelt records *visibly*. You can see your place, play back in seconds. Dictation can't be erased—every word is recorded clearly and permanently. And Dictabelt is so inexpensive it doesn't have to be re-used. You have a fresh, clean surface every time you dictate.



All controls are on the microphone. The entire dictating process is controlled by four buttons—dictate, play back, corrections and length. Your thumb does it all. It's the most efficient way to dictate. All the instructions your secretary needs are marked clearly and automatically on the simple indication slip.



Most automatic dictating machine. You and your secretary are sure to get a lot more work done in less time with a Dictaphone TIME-MASTER. It's the dictating machine system most widely used in business today. To see for yourself how efficient it is, call your nearest Dictaphone office for a free "show me" demonstration.

THE SHORTEST DISTANCE BETWEEN IDEA AND ACTION . . . **Dictaphone**® CORPORATION

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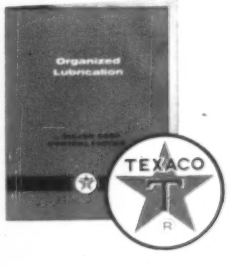
Texaco's new "Stop Loss" program shows why lubrication is a management responsibility

MANAGEMENT *does* have a stake in good lubrication practices. Texaco's complete new program "Stop Loss with Organized Lubrication" shows why.

This program has proved its ability to make important savings, and is adaptable to virtually every industry. It is dramatized in a 20-minute, color-and-sound movie that every management man should see.

When you recognize lubrication for what it is—a cost-reducing tool, not an expense item—you can effect savings that add up to many hundred times the cost of the lubricants themselves. Yet *only management has the authority to make these potential savings an actuality.*

Texaco can help you achieve these savings. If you are interested in seeing our film "Stop Loss," call your local Texaco Lubrication Engineer, or write Texaco, Inc., 135 East 42nd Street, New York 17, N. Y. Dept. D-142



LUBRICATION IS A MAJOR FACTOR IN COST CONTROL

What then are the dimensions of the moral framework in which the manager functions?

The usual difference between a mob and a multitude is movement. The difference between chaos and order is management. The man in management begins with the recognition of the need for order. Man's identification of self as the center of movement in an orderly universe begins with his recognition of the job at hand and the need to meet his obligations.

The morality of management can be summed up in a single ethical responsibility and conveyed in seven basic categories which begin with man, the individual, not mankind as a generalization. Man, the individual, must have:

- **A sense of identity**—recognition that he is an individual in mind and soul, a created entity
- **A sense of order**—acceptance of the inspired and managed plan of the universe
- **A sense of purpose**—realization that man was placed on earth by the act of an Intelligent Will
- **A sense of power**—understanding of the force within man which may be used for good or evil, according to the dictates and response of his conscience
- **A sense of love**—the instinct which impels mankind to the service of fellow man, an instinct which includes justice and all of the implications of the Golden Rule
- **A sense of dignity**—insistence on man's superior position as a creature, gifted with reason and freedom
- **A sense of time**—the concept of goals to attain, and the persistence to attain them, under the whip of the calendar.

Many leaders in management are concerned with the *sense of identity*, for modernity tends to dim the identity of the individual, his meaning as a person, his duty as a citizen, his significance as a thinking being.

The difficulty with life in an industrial democracy, with its political complexities and its social confusions, is that it tends to reduce the individual to numbers, segregate humanity in broad categories, and define human behavior in terms of averages. The shrewd Joseph Stalin is credited with saying, "The death of one man is a tragedy, the death of a million is a statistic." Even in a democracy, there

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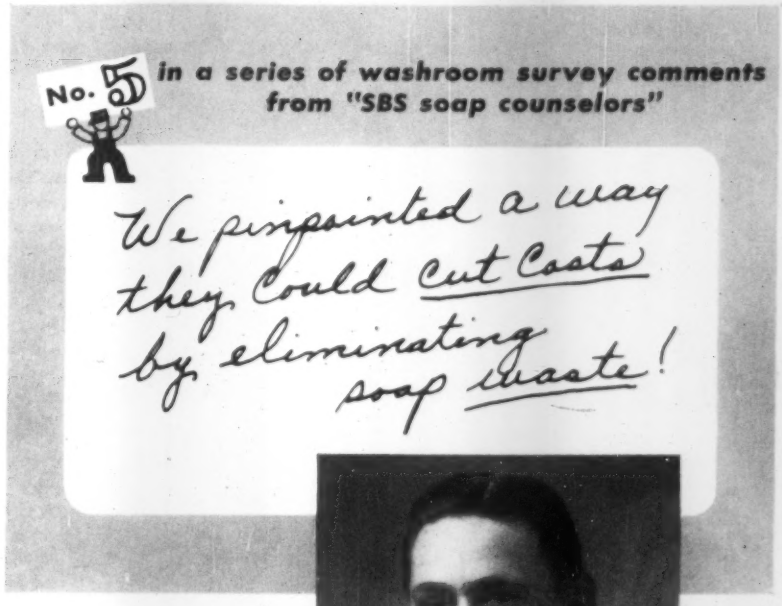

No. 5
in a series of washroom survey comments from "SBS soap counselors"
We pinpointed a way they could cut costs by eliminating soap waste!

Robert Foss, veteran SBS soap counselor in the Wisconsin-Minnesota area, has helped scores of plants find economical solutions to their wash-up and hygiene problems. Here's his report on a metalworking plant employing better than 3800 workers:

"We found this plant's washroom costs way up! The powdered and liquid soaps provided in the washrooms were being wasted by the handfuls. Result: unsightly washbasins, slippery floors, excessive soap and housekeeping costs. In addition, these soaps proved only partially effective against the more irritating, difficult-to-remove soils in the plant.

We showed them how much more *effectively and economically* SBS 60 can do the job. Formulated especially for industrial use, this quick-acting *cream* deodorant soap is virtually impossible to waste . . . is equally safe on face, hands or body . . . and removes *all* the general soils found in this plant."

Money-saving suggestions like this *begin* with OPERATION PINPOINT—a thought-provoking presentation filled with facts about skin hygiene and washroom maintenance. The SBS soap counselor serving your area can pinpoint the right soap to do every skin cleansing job best and at lowest cost in your plant. Let him show you OPERATION PINPOINT . . . just call your nearest SBS office, collect.

the washword of industry

SBS sugar beet products co.

SAGINAW, MICH. • Los Angeles, Calif. • Newark, N.J.
CANADA: Chemical By-Products, Ltd., Toronto, Ontario

Impressive gifts . .

GIFT NO. D

KABOB 'N GRILL $31.85

Here's the unique gift you've been looking for! It's the most exciting cook-it-yourself appliance by West Bend that will provide eating fun for the entire family. It's an electrically-driven vertical grill, 23" high and 13" in diameter; eight individually rotating skewers have ranch-branded handles for easy identification; charcoal goes into center fire basket. Lightweight, portable, easy to clean. For gift-giving . . . the fire basket is filled with a 7 ounce vacuum tin of CAPCO GIANT CASHEWS plus two 7 ounce vacuum tins of IMPERIAL MIX, Instructions plus recipes included in 16-page booklet.

GIFT NO. C

FLUTED WOODEN BOWL $5.95

A tasteful gift done in an authentic Early American manner. 8" in diameter and 2½" high; filled with 20 ounces of IMPERIAL MIXED NUTS. Each bowl is made from a carefully cured log by skilled American craftsmen, in a warm, mellow brown finish. The final coating is a durable, alcohol-resistant lacquer. Use it later for salads, fruits, floral arrangements.

MIRRO GIFTWARE . . . FRESH, FUNCTIONAL AND TASTEFUL!

Today's smart silhouettes that offer the perfect complement to any decor. The lustrous silver-tone finish with 'teaked' walnut trim and gold-tone accents is completely non-tarnishable; eliminates polishing problems forever. Welcome gifts to be admired and used constantly for years to come.

GIFT NO. F SERVING CASSEROLE $14.95

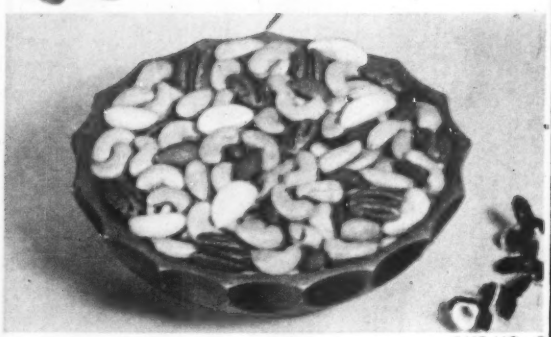
Two quart size for hot-or-cold dishes; metal inset can be used for centerpiece or fruit bowl. Filled with 24 ounces of IMPERIAL MIX.

GIFT NO. G CARVE AND SERVE PLATTER $11.50

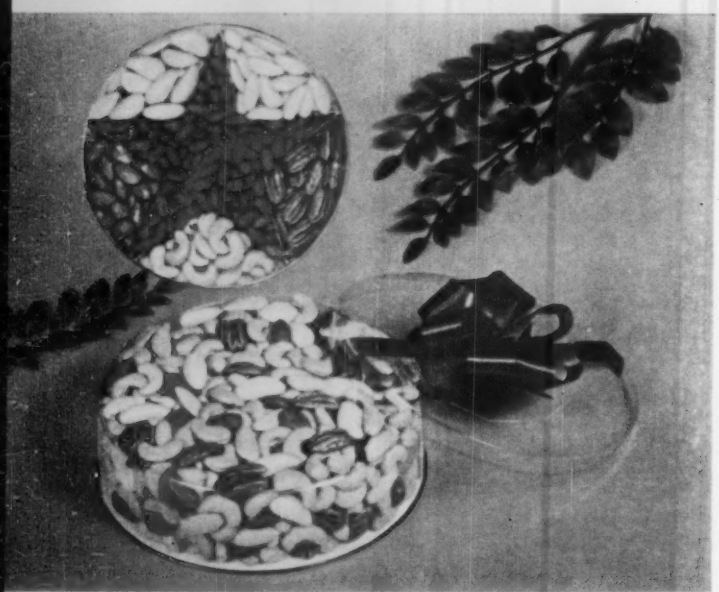
Richly 'teaked' walnut cutting board rest in silver-tone tray; gold-tone spikes hold roast or fowl secure. Gift-packaged with 12 ounces of GIANT CASHEWS and IMPERIAL MIX.

GIFT NO. H COVERED TIDBIT DISH $7.25

Wonderful way to please the taste as well as the eye. Filled with 10 ounces of IMPERIAL MIX. Ideal for miniature floral arrangements, candy.



GIFT NO. C



GIFT NO. A

TRANSPARENT GIFT BOXES

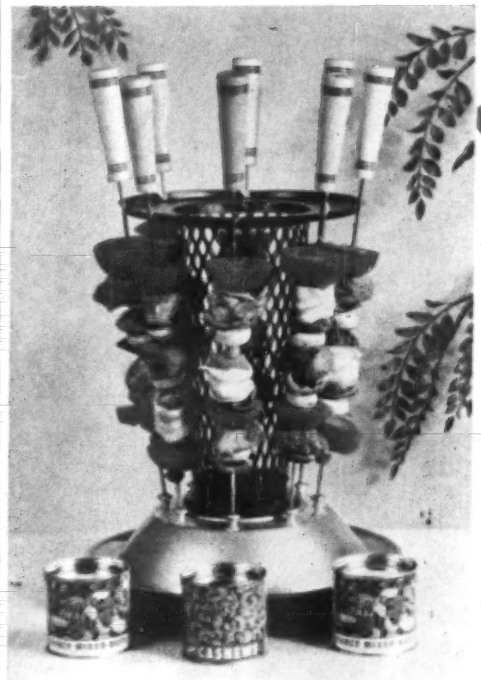
Here it is! Looks good, tastes even better! Beautiful, transparen acetate gift boxes filled with the world's finest IMPERIAL MIX SALTED NUTS . . . giant cashews, giant pecans, giant redski almonds, giant blanched almonds and blanched Brazils. All boxe are topped with red satin bows; specially designed cartons pro tect bows and maintain the freshness of the nuts. Perfect eating treat for drop-in guests during the holidays and year-'round Also available in the eye-catching divided Star Design centere with red pistachios.

SIZE	PRIC
1 lb. Cello Box, Imperial Mix, 6" diameter	$ 2.2
2 lb. Cello Box, Imperial Mix, 7" diameter	4.1
3 lb. Cello Box, Imperial Mix, 8½" diameter	5.9
5 lb. Cello Box, Imperial Mix, 10" diameter	9.7
3 lb. Star Design, Imperial Mix	6.3
5 lb. Star Design Imperial Mix	10.3

SPECIFY GIFT LETTER, WEIGHT DESIRED AND PRICE

The Chas. A. Peterson Co. CLEVELAND 15, OHIO • TOWER 1-4353

often used . . . always remembered



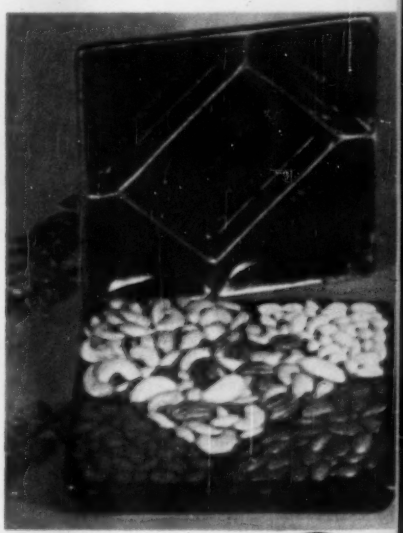
GIFT NO. D

Imperial mix

means the finest nuts obtainable.
Most gifts shown here are filled with Imperial Mix. This means a select mixture of carefully salted giant CASHEWS, giant PECANS, giant REDSKIN ALMONDS, giant BLANCHED ALMONDS and giant BLANCHED BRAZILS . . . processed daily at exactly the right temperature in our modern kitchens . . . your guarantee of delicate, true-taste flavor.

GIFT NO. E
"OVERNITER" CERAMIC TRAY $5.85
For men who appreciate organization, this is the perfect gift. Made of the finest, high-fired California ceramic in black with 24 carat gold hand-decorations. Measures 9" x 9"; five compartments filled with RED PISTACHIOS, GIANT CASHEWS, WHITE PISTACHIOS, REDSKIN ALMONDS and IMPERIAL MIXED NUTS in the center section.

GIFT NO. B



GIFT NO. E

GIFT NO. B
ROUND HAMMERED ALUMINUM BOXES
An impressive gift filled with the world's finest, IMPERIAL MIX. The hammered aluminum box is embossed with an antiqued coach design prepared exclusively for CAPCO and can serve 1001 useful purposes later. Each box contains giant cashews, giant pecans, giant redskin almonds, giant blanched almonds and giant Brazils. All boxes are hand-packed in individual mailing cartons. Also available in divided Star Design with red pistachios in the center.

SIZE	PRICE
2 lb. Imperial Mix Assortment	$ 4.35
3 lb. Imperial Mix Assortment	6.15
5 lb. Imperial Mix Assortment	9.85
3 lb. Imperial Mix, Star Design	6.55
5 lb. Imperial Mix, Star Design	10.50

SPECIFY GIFT LETTER, WEIGHT AND PRICE

CONVENIENT GIFT MAILING SERVICE
Our Mailing Department will forward all gifts for Christmas or *any occasion* with appropriate package decor. Send your Fourth Class addressed labels with your business or greeting cards. We will insert your cards in all packages and see that your list is completely and accurately handled. To avoid any possible error, send a duplicate check-list, arranged in the same order as your addressed labels. Include your return address on the Fourth Class shipping labels. We deliver all packages to the Post Office so they will reach their destination at the time you specify. A minimum preparation charge of 15¢ per package will be made in addition to the express or postage charge. All packages will be sent insured Parcel Post or Express, whichever is less expensive. We will invoice you the postage and mail charge.

MAKE YOUR SELECTIONS . . . WE DO THE REST!
Every item is hand-selected and unconditionally guaranteed.

NOTE: If you desire CAPCO nuts to fill the container of your choice, to fit into a product made in your own plant, write our CUSTOM PACKING DEPT.

THE CHAS. A. PETERSON COMPANY
915 Carnegie Avenue • Cleveland 15, Ohio • TOwer 1-4353

Date **1960**

NAME .....

ADDRESS .....

CITY ..... **ZONE** ..... **STATE** .....

Have you enclosed your gift list and shipping labels? .....

QUANTITY	GIFT LETTER	DESCRIPTION	PRICE

For Additional Information . . . Call The Chas. A. Peterson Co. . . . TOwer 1-4353

Put this RCA Weather Eye on Your Aircraft

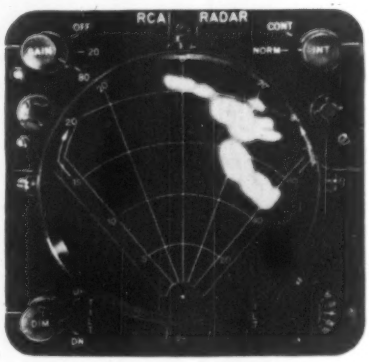
...and "see" the weather miles ahead!

It's the RCA AVQ-50 Weather Radar, specially designed for use in aircraft where weight, space and power are at a premium.

In thousands of installations, the AVQ-50 has cut operating costs of business and executive aircraft, improved on-time arrival and increased passenger comfort. By "seeing" the weather far ahead, your pilot can go around or between turbulent areas and often avoid long and costly detours, greatly increasing the effectiveness and economy of your aircraft.

Because it contributes to safety, as well as improved scheduling and flying comfort, weather radar has been designated as required equipment for most commercial airlines. By making the AVQ-50 lighter, smaller and less costly RCA makes it available to most executive and business aircraft.

For complete information, get in touch with the nearest Authorized RCA Dealer listed on the opposite page, or address: Radio Corporation of America, Aviation Division, 11819 W. Olympic Blvd., Los Angeles 64, California.



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The Most Trusted Name in Electronics

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Div. of Garrett Corp.
Los Angeles 45, California

Anderson Aircraft Radio Co.
Detroit, Michigan

Associated Radio Co.
Dallas, Texas

Atlantic Aviation Corp.
Wilmington, Del.

Butler Aviation, Inc.
Chicago 66, Illinois

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Milwaukee 7, Wisc.

Butler Aviation
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E. Farnell & Co., Inc.
Palm Beach, Florida

Flightcraft, Inc.
Portland, Oregon

Florida Aviation Corp.
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Gopher Aviation, Inc.
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Ohio Aviation Company
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Piedmont Aviation, Inc.
Winston-Salem, N. C.

Qualitron, Inc.
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Reading Aviation Service, Inc.
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Remmert-Werner, Inc.
St. Louis, Missouri

Robbins Aviation Corp.
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Roscoe Turner Aeronautical Corp.
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Southern Airways Company
Atlanta, Georgia

RCA

continued from page 61

is a tendency to level people to a statistical oblivion. Yet humanity rebels against averages.

The human equation does not respond to the rigidity of mathematical equations. If we turn from the word "average" to "typical," we are more selective and get a better picture of the individuals around us, because many groups rise above the low median of human aims and activities.

The man in management identifies the individual and his function. The individual in our world of mass movement, tidal surges of population, machine production, and electronic memory faces a continuing quarrel between name and number.

Management also seeks the discipline which implies a *sense of order*, the statistic, the index number, wage rates, operating ratios, Gross National Product, and other measuring devices for production, sales, and profits. Yet excessive use of this discipline sets up a complexity which can invite chaos. Regulatory law seeking to insure justice and fair play creates as many new legal and social snarls as it untangles. Justice is often trapped in a maze of its own design.

Most regulatory law is a matter of group discipline rather than moral restraint. It is part of the price society pays for being civilized. The corporate manager is faced with many restrictions and limitations under national and state laws and local ordinances. He cannot follow the dictates of conscience alone. Yet the manager patiently submits to the legal chafing for the common good and because he accepts the need of order in social behavior, though there are times when he feels like Gulliver in Lilliput, tied down by a web of minor restraints which are a major handicap to the free movement of business.

Freedom and responsibility

The sense of purpose in man's earthly adventure is often overlooked in the pragmatism of daily need. Again the individual dims into the group, and his significance as a name, a face, a soul is lost in the temporary demands of the job. Humanism demands that the world's work be done, but not at the expense of a man's loyalty to his code of personal ethics or his freedom of decision within legal bounds.

The sense of purpose includes aesthetics for those who have the capacity to enjoy them as participants, critics, or spectators. It also includes the right to ignore the arts and proclaim immunity to string quartets, poetry readings, or finger painting. It includes the negative right to any form of indolence or unproductive recreation which pleases a man's fancy. Most people, however, find that doing nothing is difficult, even when they get help from the experts. The purposes of life, in the main, are worthy and serious, and it is a managerial responsibility to point to the signs on the doors. It is up to the individual to select the knob.

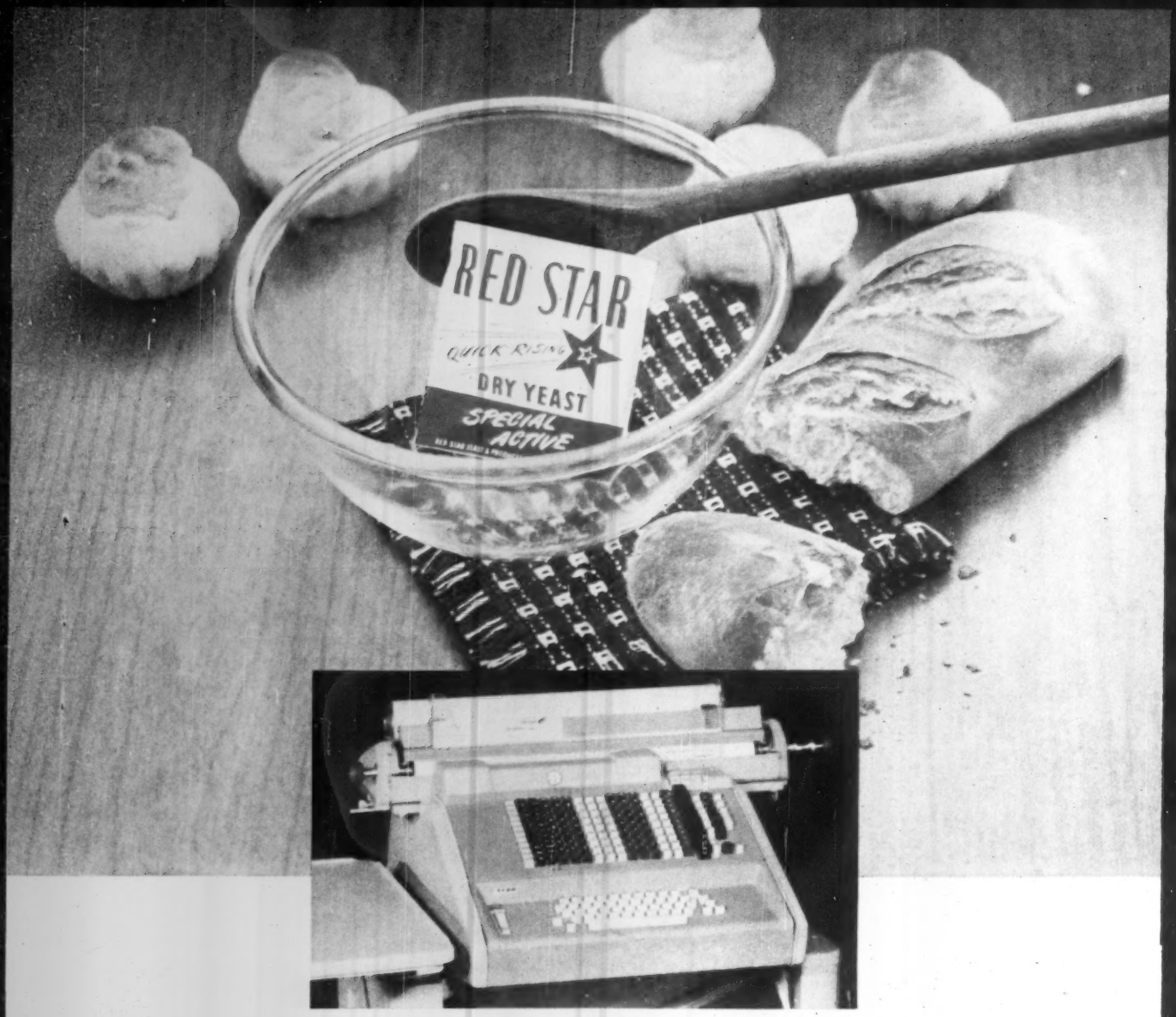
Man's *sense of power*, growing in magnitude, is offset by his anxiety about whether it will be applied for man's improvement or immolation. He has seen power in the past 50 years exceed all the dynamics of transport and communication of the past 5,000 years. His voice circles the earth in an instant. He has touched sea bottom at its lowest point, leaped into space, and exceeded most living things in nature at their own arts and in their own environment, whether on land, in the sky, or under water. Yet he recognizes that the power of the printed and spoken word exceeds the power of the atom in influencing the minds and hearts of men.

For good or ill

The power of modern capitalism over the lives of people grows with the complexity of our industrial civilization, and the use and abuse of this power rests equally with industrial management and labor management, both of whom often ignore the rights of the majority in the tensions of industrial strife. The power of the agencies of communication—the newspapers and magazines, radio and TV—strains at the moral margins in attempting to influence opinion and conscience.

Corporate power invited the discipline of antitrust laws. Labor power has brought increasingly barbed legal controls. It was Lord Acton who said "Power tends to corrupt; absolute power tends to corrupt absolutely." Man, in re-examining his power potential, has good reason to be fearful of his gifts, more fearful even of the routines of a democratic order than the atheistic candor of state socialism.

The *sense of love*, the spirit that impelled Abou Ben Adhem to give testimony of his affection for his



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neighbor, is still the basic hope of justification for the human race.

Yet the spirit of "my brother's keeper" holds within it the danger that "my brother" will seek security at the expense of his sense of risk and competitive spirit. When a man's food, shelter, and education are all provided for, there is a weakening of the spine and a numbing of the will. The right to suffer, the right to fail, the right to differ are all necessary ingredients of the individual who does not want to live under the protective wing of regimented social security, company pensions, or union labor privileges. The meaning of "my brother's keeper" is not the possessive one of a friendly but insistent jailer.

Despite all of the wars of nations, the degradation of captives, and the enslavement of millions of serfs, the *sense of dignity* in man persists because of the recurring spirit of rebellion against slavery of mind or body. In the slaves in the salt mines, the helots in Siberian forests, the pawns of Dachau, there has always been that resurgence of spirit which bewilders the tyrant. Even when the ankles of men are fettered, their minds fight free of the brainwash and unmask the sophistries of their tormentors.

Ideas in action

Ideas can enslave men and ideas can free them, but ideas that move men must be translated into action by leaders with the willingness to assume personal risk. White-collar and blue-collar workers have equal social status, and the drudgery is fast disappearing from field and factory. But with the machine, mass-production, and automation, the dignity of labor faces another challenge, for man could easily be enslaved by the slave he created to serve him.

The pulse is a constant reminder of the *sense of time*, which encourages as well as limits the scope of man's achievement. Everything must be done under the compulsion of time, and yet it is obvious that most people are but shadows on the sundial. The achievements are by the few, the honors for the few, but penalties for the loss of time are on the many. Yet the busy man always finds time, time to ask questions that have no simple answers.

There is a prescience about time that disturbs many thinking managers of educational as well as economic

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Any load that must be hefted or hauled by *hand* takes time . . . costs money. Take ground level loading of trucks for example. One company used to do it like this: a power truck and driver to shuttle loads from warehouse to truck; two men to transfer loads from fork truck to carrier, onto hand trucks, wheel them into carrier, unload by hand again. Time 2½ hours; manhours: 7½; costs: *plenty!* Now, with a Magliner Mobile Loading Ramp on the job, the power truck driver does it alone *in an hour's time*. Savings: *plenty!* For the complete story . . .

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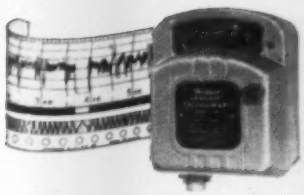

This new model Tachograph permanently records truck operation, on roll-type charts, designed for 8, 15, or a maximum of 31 days.

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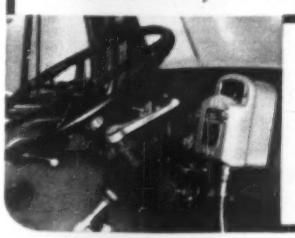
Data helps you plan better routing, curtail wasted time, cut costs, and helps make drivers safety conscious . . . For details, mail the coupon.



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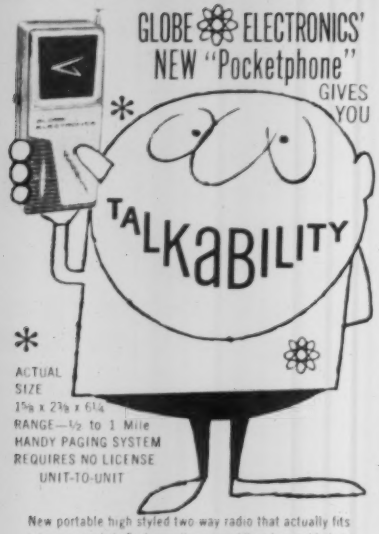

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activities. It is the suspicion that all progress is represented by a vast triangle and that we are getting close to the apex. This point may be the perpetual mirage of infinity, but some leaders in industry as well as philosophy are asking, "Where do we go from here, and how far?" The whole capitalistic structure of society is based on time factors: money at risk against the calendar, achievement targets by clock, rewards for capital and labor by the week, month, and year. "So much to do and so little time to do it," complained Cecil Rhodes, the empire builder—but there is always time left over.

Three schools of thought

These seven areas of moral influence in the concept of managerial activity cannot be expressed in the debits and credits of bookkeeping. The man of vision does not limit his thinking or definitions to a dictionary of mercantile or industrial terms. There is one school of managers, and not necessarily the old school, which believes their responsibility should begin and end with the company balance sheet. Another school of wider scope and higher sights sees the corporate score card including the status of the company measured in public opinion as a positive or negative influence in the community. A third group, growing more vocal, if not altogether lucid in statement, is groping for a concept of deeper spiritual dimension. This group is increasingly sensitive to the manager's duty in defending the moral stamina of a people whose behavior is mirrored before a world audience. These managers find it difficult to accept the distorted image created by business and political leaders who ask others at home and abroad to "Do as I say, not as I do."

No automatic acceptance

Our economic leadership is subject to challenge, and our moral leadership to question and restatement. Many of our overseas neighbors were lifted out of the slough of despond by American credit and technology, but they reserve the right to debate our policies—if not our principles.

In the aftermath of two world wars and a world depression, we have used an economic leverage to support our moral indignation over the knavery of Communism, but it is quite apparent today that the Lace Curtain of the

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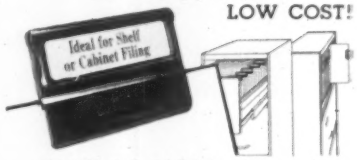

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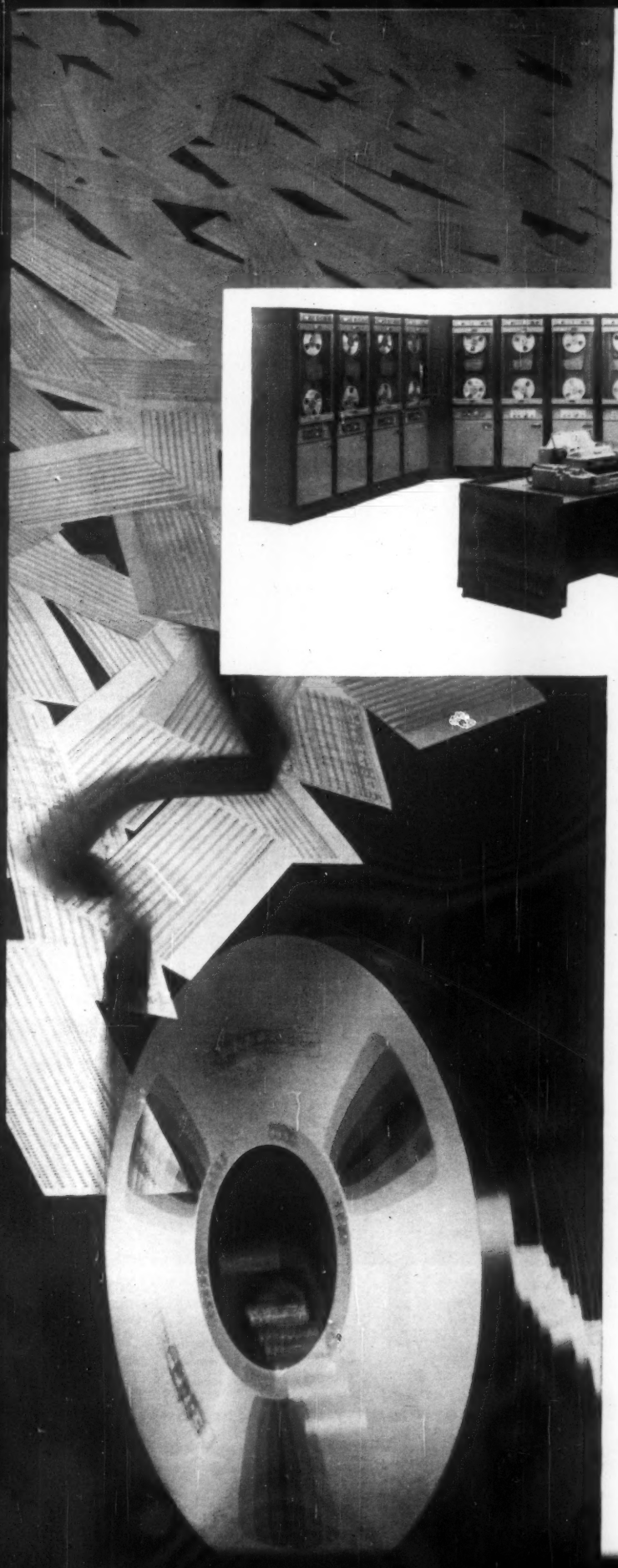

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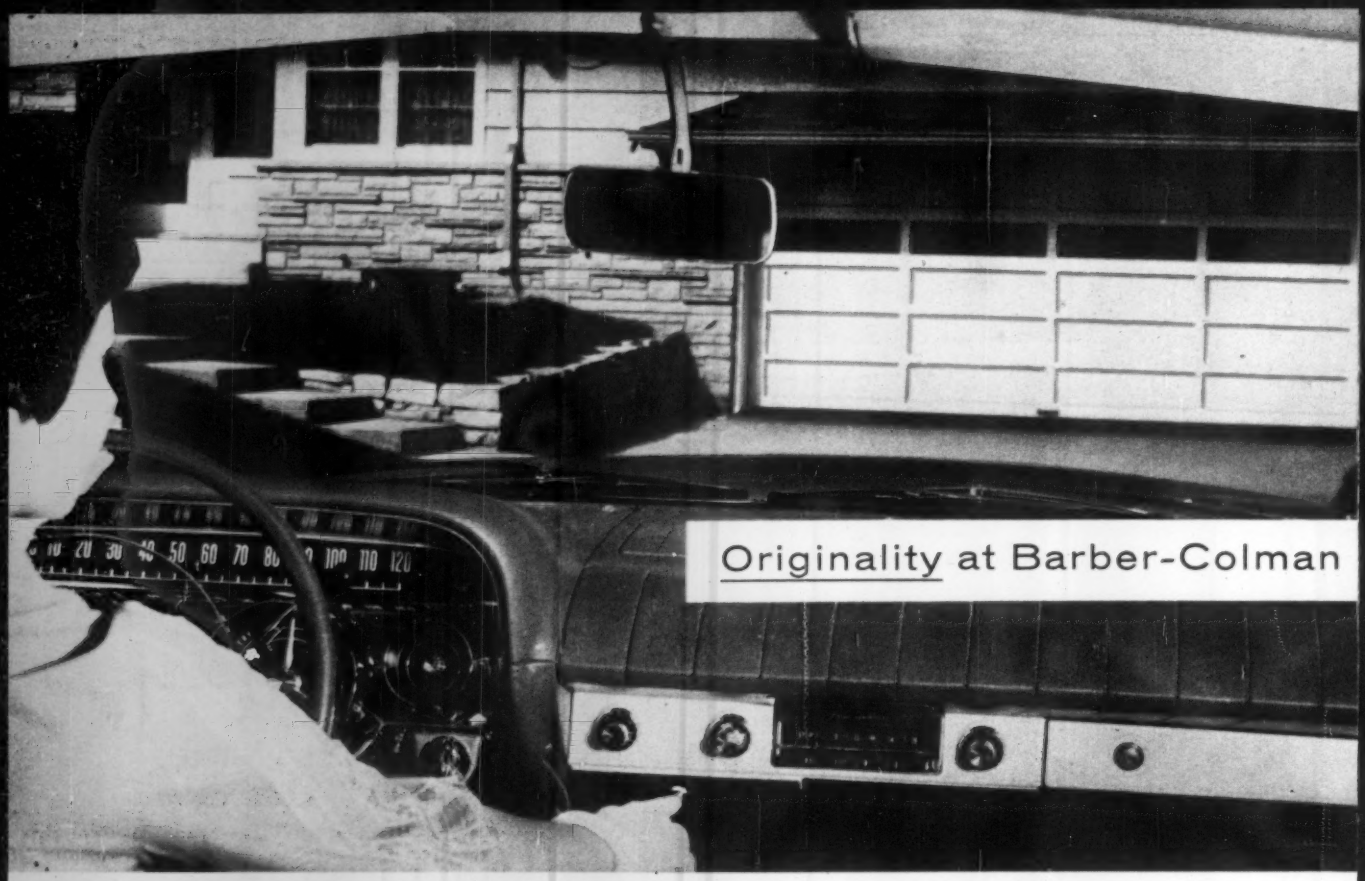

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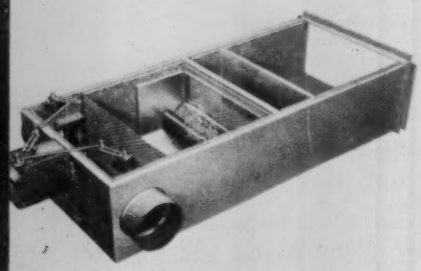
Barber-Colman also pioneered development of time-saving electric operators for overhead doors used in industrial and commercial establishments . . . another example of how Barber-Colman originality benefits the businesses it serves.



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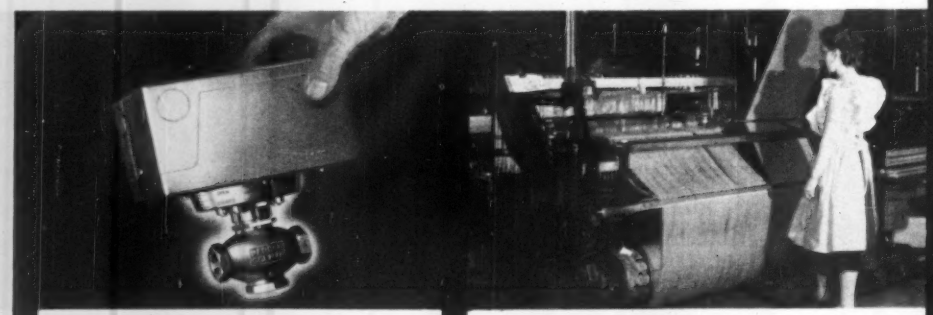

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BARBER COLMAN

West is resented just as much as the Iron Curtain of the East.

Our morality is suspect. Despite our nobility of purpose, it is difficult to exhibit an ascetic appearance to troubled neighbors when they observe the penalties a lush life imposes on our ethical behavior. They balance our generous instincts against the synthetic, mechanistic, and force-fed culture of a citizenry that has lost much of the pioneering instinct and rugged virtues of earlier generations. To these observers, the toughening of the Yankee code of values must come with greater discipline of his physical appetites. Increasing fringe benefits of the body have been offset by fringe handicaps of the spirit.

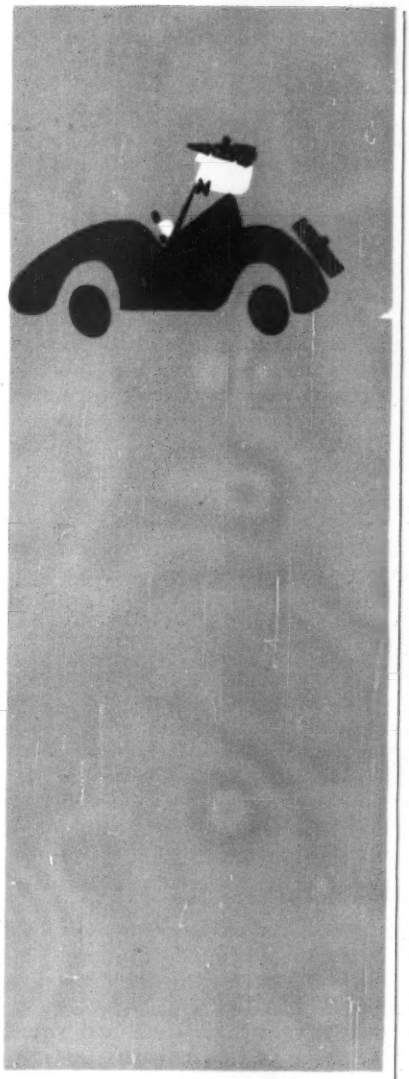
The overseas estimate of American morality has all of the defects of any generalization. Our faults are enlarged and our virtues dimmed, but it is apparent to the manager with the long look that neither business man nor diplomat has inspired neighbors and competitors abroad with confidence in our eagerness, or competence to lead.

American companies have invested almost $30 billion in Europe, Asia and Africa. Our managers must accept greater moral responsibility of leadership as the earth shrinks, and elbows bruise in the scramble for advantages in world markets. This effort must be coordinated with a trade policy and philosophy that is uniform in program, and understood in the same terms of meaning at home and abroad.

The world is much too small for hermits and misanthropes. The image of the Yankee trader in other lands is the composite of management overseas, and it is up to our industrial leaders to pick men who are acceptable in any marketplace or at any crossroads of diplomacy.

A man of faith and purpose

The good manager is the exceptional man with ability to organize, lead, and direct. He may look like the fellow next door, or nobody you ever met. The first test of his qualifications is his willingness to accept any duty assigned to him within the concepts of good morals and good taste. The man of unusual capacity in management has the imagination to see and the determination to complete assignments beyond the original fence. He thinks in terms of people as well as customers, of all industry as well as



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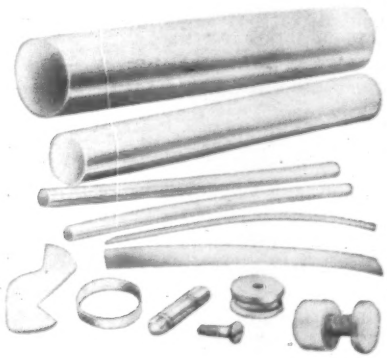

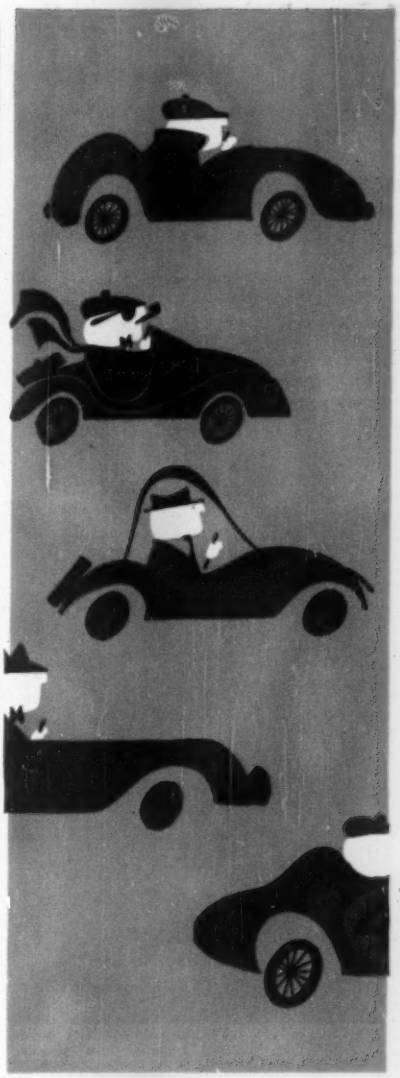

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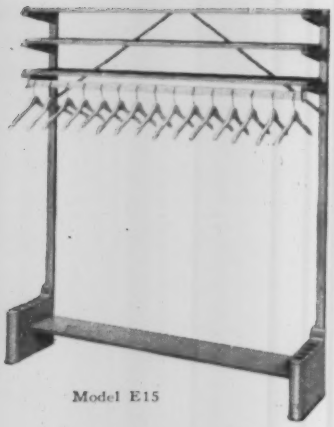

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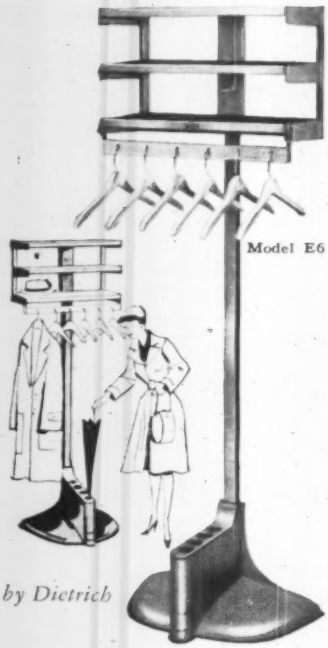

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his own company, of the broader problems of society as well as his own desk and bench. Most importantly, he has faith in people, and in himself.

These men of larger perspective are aware of a changing environment, something imminent, indefinable in words, and intangible in shape. Its presence becomes increasingly apparent as technology increases. The "something" is not the terror of the atom in fission or fusion, nor any dire potential of the chemistry of nature. Rather it is the premise that we can go on indefinitely creating, processing, converting, consuming to the formula of material growth without a corresponding enlargement of the spirit, and an increased enlightenment of the mind of man.

This manager of vision has the extrasensory perception to feel and fear the world of the great god Gadget. Science and the marvels of the natural world are his servants, never his master.

As a manager, he is primarily concerned with the welfare of man. He is equally fearful of the "isms" that endanger his future: cynicism, opportunism, and hedonism. These are far more dangerous to man's moral stamina than the deceits of Communism or the sins of capitalism.

The veil of hypocrisy

Modern management is confronted by the threat to our high-propped illusions of grandeur, a world on stilts that is weakened by a defeatist attitude toward basic truth and virtue, the shrug of the shoulders by many citizens in high places—public officials, captains of industry, union leaders, men who debase the Golden Rule with their lack of integrity. The perceptive manager recognizes the need for candor in our leaders.

Fortunately, corporate leaders of high repute in public and private life are still in voting control of the business conscience. The margin may be slim at times but they are confident that good ethics will prevail, despite the protective callous on the hide of many men. They realize that a leader with integrity cannot adjust his ethics to the season, the situation, or the person, but is guided by principle—even when it hurts his pride or purse. The moral obligation, to use Bergson's term, is not only instinctive but dynamic in society, and the manager at any level of responsibility must be its aggressive advocate. END

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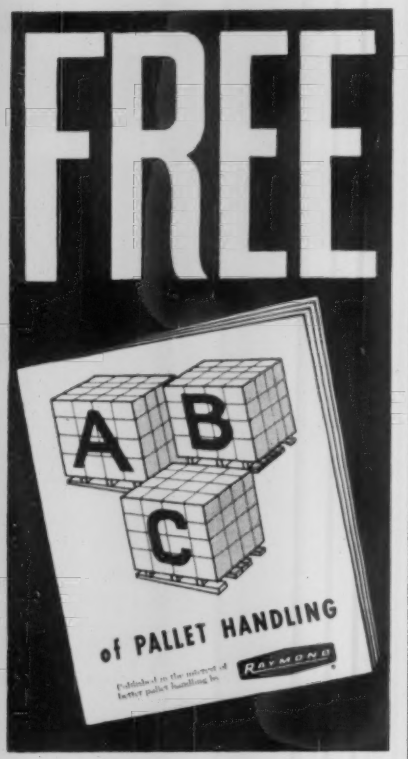

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14 Important Ratios in 12 Retail Lines

Prepared under the direction of Roy A. Foulke

From the strictly functional point of view, it may be doubted that there is any such thing as a "discount house." This type of post-war retail phenomenon is nothing more than a direct-buying, low-markup vendor of general merchandise, combining self-service, cash sales, and quick turnover with elimination of many traditional retail services. The keys to "discount" retailing are ready accessibility, low overhead, quick movement of goods in and out, and resultant pricing of goods below "suggested" levels.

Discounters can hardly claim to have invented such merchandising methods, which are simply the outgrowth of approaches to retailing developed by mail-order houses, variety chains, and grocery supermarkets. The supermarkets, in turn, are now copying their own imitators by adding such lines of merchandise as appliances, hardware, toys, soft goods, and the like, while openly advertising themselves as "discount houses."

Critics of today's discounters point bitterly to unbalanced stocks, shabby quality of some merchandise, and exploitation of brands and warranties—to say nothing of rampant price cutting. The discounter is frequently damned by other retailers, feared by wholesalers, and viewed with misgivings by manufacturers, some of whom refuse to sell to him because of the manner in which he exerts price and other pressures. But the discounters are moving mountains of goods, and they are growing both in numbers and in influence.

Poor profit performance

The effect in 1959 of their influence on certain of the twelve retail lines listed on the opposite page is hinted at in the continued dismally low ratios of *net profits on net sales* and *net profits on tangible net worth*. But all the twelve lines made poor showings in these respects except chain groceries and meats, which reflect a median relationship of profits to worth of 11.51 per cent. And these showings raise the question of how the great mass of retailers intend to meet the challenge of the discount houses.

For one thing, many retailers seem unable, if not unwilling, to employ their capital adequately. Except for the grocery chains and independents, capital turnover, as reflected by *net sales on tangible net worth*, or *net sales to net working capital*, appears much too low. Examination of a number of individual retail balance sheets confirms this. There are retailers who are over-capitalized—who have more cash in the bank than they owe, and are almost smothered in financial security while wondering where to invest their funds. Perhaps, therefore, the ratios of *current assets to current debts*, and *current liabilities to net worth*, reflect too much liquidity; perhaps retailers should be owing more than they do.

Time for a change?

Above all, the great weakness of the 1959 ratio showings in these twelve lines is that they reflect so little change from 1958. Considering the turmoil and ferment which the discount houses have created in retailing, might not the more traditional-minded retailers do well to stop grumbling and start copying the techniques of these discount house upstarts?

For the discounters believe, at least, in change and innovation. And change, at the moment, is what conventional retailing appears to need most. It seems unlikely that retailers generally can much longer afford to tolerate the abnormally low returns which they are realizing on investment, or their present ratio of capital to sales, or, for that matter, of fixed assets to net worth. Perhaps, in short, the time has come for retailers to start asking themselves whether they are operating under too much financial comfort and too little financial risk.

—RICHARD SANZO

14 Important Ratios in 12 Retail Lines

Line of Business (and number of concerns reporting)	Current assets to current debt	Net profits on net sales	Net profits on tangible net worth	Net profits on net working capital	Net sales to tangible net worth	Net sales to net working capital	Collection period	Net sales to inventory	Fixed assets to tangible net worth	Current debt to tangible net worth	Total debt to tangible net worth	Inventory to net working capital	Current debt to inventory	Funded debts to net working capital
	Times	Per cent	Per cent	Per cent	Times	Times	Days	Times	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
FOR 12 RETAIL LINES—1959 MEDIANS AND QUARTILES														
Clothing, Men's and Boys' (167)	4.43	4.44	9.88	14.47	3.58	4.51	**	4.4	6.0	20.6	55.8	69.9	36.7	14.7
	2.61	**1.96**	**4.38**	**5.92**	**2.50**	**3.08**	**	**3.7**	**13.8**	**48.8**	**96.9**	**95.6**	**65.7**	**37.6**
	1.89	1.39	1.61	1.84	1.77	2.31	**	2.6	28.6	86.7	154.1	124.3	96.4	62.9
Clothing, Men's and Women's (95)	5.74	6.64	9.88	14.32	3.80	5.20	**	5.3	6.5	17.1	46.7	56.2	45.8	8.0
	3.00	**2.39**	**4.61**	**7.54**	**2.16**	**3.44**	**	**3.9**	**19.2**	**33.9**	**69.0**	**78.0**	**75.0**	**25.1**
	1.85	0.41	1.62	2.22	0.95	2.30	**	3.0	39.7	76.8	115.2	124.4	93.0	39.9
Department Stores (436)	5.22	3.45	9.67	12.03	4.08	5.20	**	7.2	13.2	15.3	38.9	48.2	42.6	11.0
	3.54	**2.03**	**5.84**	**7.76**	**3.04**	**3.91**	**	**5.8**	**25.7**	**27.2**	**57.1**	**64.8**	**63.4**	**27.3**
	2.33	0.83	2.65	3.41	2.20	3.07	**	4.5	45.3	49.0	103.2	88.8	91.0	59.3
Dry Goods (81)	18.29	11.51	21.07	28.20	2.99	4.52	**	4.7	6.7	7.6	31.9	62.7	15.5	23.0
	5.50	**4.52**	**9.76**	**16.74**	**2.34**	**2.76**	**	**3.4**	**13.9**	**19.3**	**90.8**	**89.9**	**37.2**	**35.4**
	2.57	2.10	5.04	6.93	1.41	1.86	**	2.5	25.6	53.0	191.9	123.6	61.5	172.1
Furnishings, Men's (44)	8.47	7.69	14.43	25.85	3.86	4.85	**	4.3	5.5	8.9	46.1	69.2	20.4	16.4
	3.38	**1.59**	**3.57**	**7.16**	**2.33**	**2.89**	**	**3.3**	**14.5**	**31.4**	**85.5**	**93.1**	**46.6**	**22.9**
	1.98	0.78	1.35	2.46	1.36	1.82	**	2.4	36.0	79.6	186.1	138.0	81.1	52.4
Furniture, 50 per cent or more, installment (133)	5.81	3.63	6.57	7.72	3.32	3.58	115	5.8	3.8	20.8	46.2	28.3	63.3	10.4
	3.71	**1.54**	**3.03**	**4.61**	**1.80**	**2.21**	**161**	**4.4**	**9.2**	**38.2**	**85.4**	**45.0**	**97.3**	**23.7**
	2.03	0.37	0.65	0.64	1.39	1.47	242	3.5	28.5	79.4	150.2	70.3	164.4	42.2
Groceries and Meats, Chain (62)	2.61	1.78	15.31	32.46	11.27	22.62	**	16.3	43.5	36.5	55.5	97.4	55.7	21.0
	2.28	**1.28**	**11.51**	**20.15**	**9.19**	**16.84**	**	**14.6**	**59.7**	**46.4**	**76.9**	**115.0**	**75.0**	**39.7**
	1.78	1.01	7.98	14.60	7.59	12.71	**	13.4	79.0	60.6	99.5	143.1	95.0	73.1
Groceries and Meats, Independent (48)	2.89	1.33	14.01	43.72	15.17	48.38	**	27.6	25.5	22.2	62.0	57.1	70.9	41.1
	1.80	**0.67**	**7.45**	**22.30**	**9.27**	**21.49**	**	**18.3**	**41.6**	**50.5**	**91.8**	**119.0**	**99.8**	**74.8**
	1.17	0.24	2.65	8.37	5.81	8.72	**	15.1	83.4	75.2	119.7	181.7	146.8	298.9
Hardware (43)	6.98	4.13	14.05	19.26	4.74	6.48	**	5.0	7.6	12.5	31.8	71.5	23.2	8.2
	3.29	**1.59**	**4.96**	**6.98**	**2.41**	**3.53**	**	**4.2**	**17.0**	**25.8**	**59.5**	**80.7**	**42.7**	**27.0**
	2.01	1.06	2.23	3.39	1.55	2.31	**	2.9	36.0	47.9	129.5	125.3	86.4	55.5
Lumber and Building Materials (156)	6.05	2.88	7.38	10.82	4.00	6.08	44	7.8	12.2	16.0	28.1	52.4	36.5	5.3
	3.48	**1.92**	**4.54**	**6.25**	**2.36**	**3.20**	**64**	**5.0**	**19.2**	**31.3**	**54.3**	**67.4**	**64.9**	**15.4**
	2.44	1.03	2.66	3.28	1.74	2.41	89	3.7	31.3	51.7	104.7	83.5	97.8	31.3
Shoes (79)	4.48	4.26	10.54	17.63	5.19	8.88	**	5.6	7.1	22.6	51.4	84.3	32.9	12.7
	2.72	**1.94**	**6.41**	**8.54**	**3.31**	**5.26**	**	**3.9**	**14.0**	**45.3**	**63.6**	**116.4**	**53.4**	**25.5**
	1.88	0.43	2.08	2.62	2.42	3.04	**	3.0	35.6	83.7	95.5	158.1	74.5	43.7
Women's Specialty Shops (200)	3.81	4.32	13.07	17.95	5.41	8.87	**	8.9	10.3	26.2	68.1	47.3	71.1	12.8
	2.41	**2.42**	**7.23**	**9.49**	**3.40**	**4.90**	**	**6.5**	**21.1**	**50.8**	**98.1**	**71.9**	**105.6**	**31.1**
	1.67	0.95	3.50	4.95	2.42	3.30	**	4.8	37.8	86.0	147.9	110.4	161.2	61.9
DEPARTMENT STORES—BY SIZE (TANGIBLE NET WORTH) CLASSES—MEDIANS ONLY														
1959 Under $250,000	**3.44**	**2.20**	**7.78**	**8.23**	**3.63**	**4.49**	**	**4.4**	**24.9**	**27.8**	**89.7**	**72.1**	**56.2**	**60.4**
1959 $250,000–$1,000,000	**3.69**	**1.89**	**5.75**	**6.83**	**2.82**	**3.67**	**	**5.6**	**21.5**	**24.6**	**49.4**	**63.7**	**60.4**	**21.1**
1959 Over $1,000,000	**3.53**	**2.17**	**5.72**	**8.76**	**3.04**	**3.91**	**	**6.4**	**30.1**	**28.9**	**54.7**	**57.5**	**71.7**	**27.5**

**Not computed, necessary information as to the division between cash sales and credit sales was available in too few cases to obtain an average collection period usable as a broad guide.

Definitions of Terms

The Ratios—The data used are based upon a representative sampling with a tangible net worth which only occasionally is below $50,000. . . . The center figure for each of the twelve lines is the median. The other two figures in each line are quartiles; for each ratio they indicate the upper and lower limits of the experiences of that half of the concerns whose ratios are nearest to the median.

Collection Period—The number of days that the total of trade accounts and notes receivable (including assigned accounts and discounted notes, if any), less reserves for bad debts, represents when compared with the annual net credit sales. Formula—divide the annual net credit sales by 365 days to obtain the average credit sales per day. Then divide the total of accounts and notes receivable (plus any discounted notes receivable) by the average credit sales per day to obtain the average collection period.

Current Assets—Total of cash, accounts and notes receivable for the sales of merchandise in regular trade quarters less any reserves for bad debts, advances on merchandise, inventory less any reserves, listed securities when not in excess of market, state and municipal bonds not in excess of market, and United States Government securities.

Current Debt—Total of all liabilities due within one year from statement date including current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as gross reserves for Federal income and excess profit taxes, reserves for contingencies set up for specific purposes but does not include reserves for depreciation.

Fixed Assets—The sum of the cost value of land and the depreciated book values of buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

Funded Debt—Mortgages, bonds, debentures, gold notes, serial notes, or other obligations with maturity of more than one year from the statement date.

Inventory—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

Net Profits—Profit after full depreciation on buildings, machinery, equipment, furniture, and other assets of a fixed nature; after reserves for Federal income and excess profit taxes; after reduction in the value of inventory to cost or market, whichever is lower, after charge-offs for bad debts; after miscellaneous reserves and adjustments; but before dividends or withdrawals.

Net Sales—The dollar volume of business transacted for 365 days net after deductions for returns, allowances, and discounts from gross sales.

Net Sales to Inventory—The quotient obtained by dividing the annual net sales by the statement inventory. This quotient does not represent the actual physical turnover, which would be determined by reducing the annual net sales to the cost of goods sold and then dividing the resulting figure by the statement inventory.

Net Working Capital—The excess of the current assets over the current debt.

Tangible Net Worth—The sum of all outstanding preferred or preference stocks (if any) and outstanding common stocks, surplus, and undivided profits, less any intangible items in the assets, such as goodwill, trademarks, patents, copyrights, leaseholds, mailing list, treasury stock, organization expenses, and underwriting discounts and expenses.

Turnover of Tangible Net Worth—The quotient obtained by dividing annual net sales by tangible net worth.

Turnover of Net Working Capital—The quotient obtained by dividing annual net sales by net working capital.

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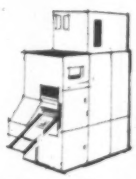

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International Markets

ALEXANDER O. STANLEY

¶ *Here are some tips on techniques for making the most of trade fairs overseas.*

¶ *Despite some safety margin, the gold reserve picture is gloomy and getting gloomier.*

IF you are casting about for ways to get more product exposure and more export sales from the advertising dollars you spend abroad, look into the profit prospects of International Trade Fairs. Since its conversion some months back from a vehicle for propaganda to one for profit, this Government-sponsored medium has found broad support in a fast expanding list of both big and small U.S. firms now exploring the overseas markets.

More than 750 U.S. companies will participate in trade shows abroad this fall, showing their wares before an estimated audience of 4.25 million potential customers.

You can pick from a broad assortment of fairs, both of the horizontal (general) and vertical (specialized) industries varieties. More than 150 are held every year, as well as countless trade shows. From Bulgaria, with the theme "Medicine, U.S.A.," to Tunisia, keynoting "New Techniques in Science and Industry," to Ceylon with "U.S. Small Industries on Exhibit," to Japan, which is currently featuring its Fourth International Trade Fair—this is just a sampling of the range of upcoming fairs on the autumn/winter calendar. The U.S. manufacturer today can put his products on exhibition at literally any point of the compass.

To get the most for your exhibit dollar, here are a few guide lines suggested by Harold E. Allen, chief of the fairs and exhibitions section, Trade Development Division, U.S. Bureau of Foreign Commerce:

Exhibiting should be on a highly selective basis. Choose only the events that will support your sales program for a particular market or area. Don't say "We can't exhibit in all the trade centers, so why bother with any?" You may be missing out to competitors who are willing to seed their sales with modest exhibition programs today to build up to heavier fair promotions in the future.

Don't expect exhibits to produce results in a market where products of comparable quality are locally produced at a lower price.

If you plan to exhibit, don't wait until the last minute. It's preferable to work out your program at least eight to twelve months in advance. Many established shows are outgrowing available space, and it's "first come, first served." If you can't make this year's fairs, remember there are at least 150 held each year, plus innumerable trade shows.

If you don't already have an agent on the spot, get one: Many fairs, especially in Great Britain, allow participation only through local agents. Then give the agent plenty of lead time, so that he can coordinate his program with your plans. He will act as your eyes and ears, not only in analyzing audience reaction but also in gaging how well your product measures up competitively.

If it is your practice to send sales personnel or executives abroad; try to coordinate their trips with exhibit schedules. They can stretch their travel dollars, meet many more prospects in a short space of time, and get the feel of the market more readily. Even if you are not participating, have your agent or traveling representative attend shows of interest to keep tabs on the competition.

If you can't go it alone to get adequate coverage, there is always the cooperative industry exhibit to fall back on. This type of display has been practiced most successfully by British companies and is especially recommended to U.S. trade associations whose members are still in the exploratory stages before committing themselves to expansion into export markets.

What will it cost you to exhibit? Exact costs cannot be pinpointed, since fairs, like markets, vary in size and promotion costs, but here are the basic expenses:

- Space rental—on the average, this runs approximately $9 to $12 per square meter (10.76 square feet)
- Stand construction and decoration
- Utilities and housekeeping costs
- Transportation of exhibit—including packing, unpacking, and repacking fees
- Representatives' travel, living, entertainment expenses
- Exhibit staff's salaries, expenses

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- Insurance on your wares and display attractions
- Advertising—both before and after the fair.

Some of these are variable costs, some are fixed. In any case, most of them can be investigated in detail in advance by getting data from exhibition managers or from the Fairs and Exhibitions Section, Bureau of Foreign Commerce, U.S. Department of Commerce, Washington 25, D.C., or the nearest Commerce Department field office. Through its publication, "Foreign Commerce Weekly," you can keep posted on the roster of upcoming fairs.

Once you have decided to go ahead, don't just wait for customers to drop in at your booth. Send letters of invitation, advertise in local newspapers, through radio and TV channels, and in the fair catalog. The U.S. commercial attaché in the city nearest the fair can be of help in the preliminaries, as well as forwarding local inquiries on your type of product. If you file an Agency Index Card, Form FC 30, with him it will be kept as a permanent reference to your company and your product.

Don't cut corners

Your exhibit should, of course, be attractive and well designed, with signs keyed to market mores and designed so that they can be revised or replaced easily if the exhibit is to be used at other fairs. Your booth must be properly manned by an exhibit staff that is adequate in size and adequately informed. Potential sales can dissolve into thin air at the inquiry level if the attendant is not there or is inept at handling inquiries from visitors.

Finally, don't relax when the show is over and the exhibit dismantled or boxed up to go to the next fair. Possibly the most important part of exhibiting is the follow-through. Buyers often shop fairs and place orders later. So, just as you opened the exhibit with on-the-spot advertising, close it the same way. Post-fair reminders will jog the memory and reap the sales.

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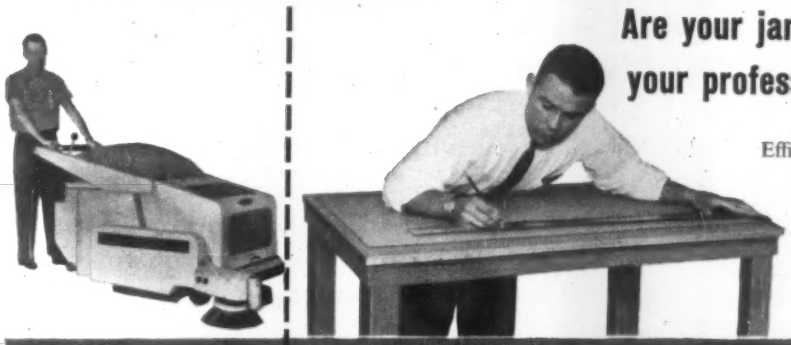
(What's wrong with this picture?)



Are your janitors better equipped than your professional engineer-draftsmen?

Efficient plant and office housekeeping calls for good equipment—and it justifies its high cost—but your skilled engineer-draftsmen need effective equipment, too—if they are to produce their best work.

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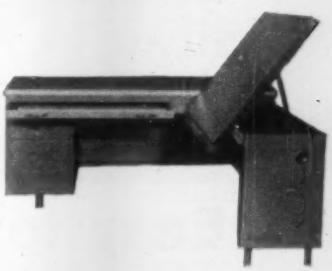
Hamilton CL 100 Series
Entirely new, canted-leg styling assures stability without side crossrails. Strata-Core board, with green linoleum surface, both sides steel edged; tilts 0° to 40°. Fully adjustable recessed footrest; steel reference, tool, and catalog drawers. Other fine features, superb styling in light Sahara-Tan finish, satin-chrome hardware.

Hamilton L-Contour Table
Wide range of board adjustments permits frequent position changes—at finger touch—permitting greater flexibility of work arrangement, lessening fatigue. Telescoping legs adjust height 30" to 31". Generous storage facilities, durable linoleum reference surface. Beautiful utilitarian styling, maximum efficiency, constructed for long service.



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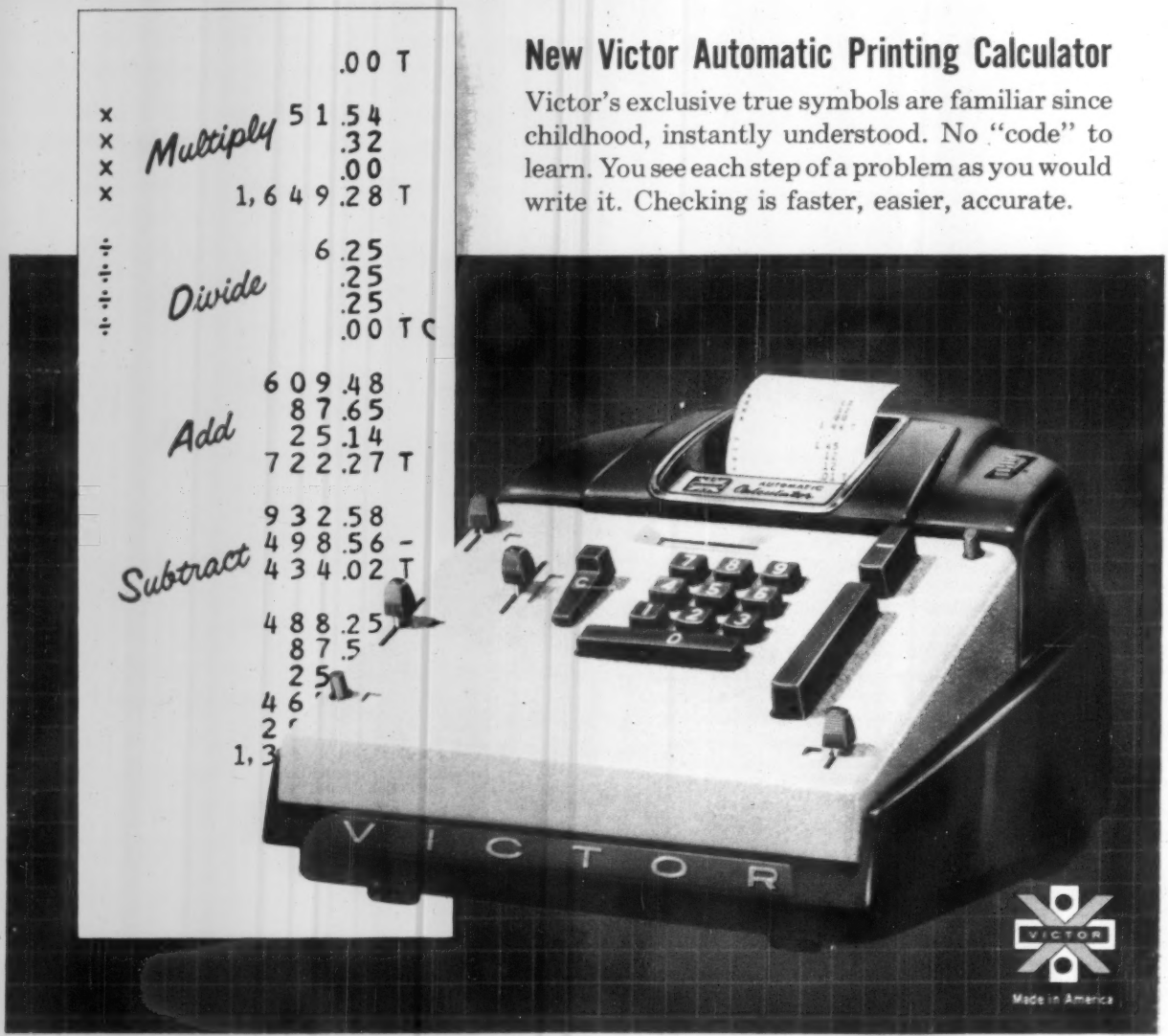

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rise in foreign dollar claims against U.S. gold reserves, the squeeze has figuratively wrung us dry. Our free gold reserve is a minuscule one-half billion dollars. Needed to back the dollar are almost $12 billion in gold reserves, a legal requirement. Actual gold stocks on hand in mid-September broke below $19 billion, $18.5 billion of which is earmarked for foreign claims.

Where the trouble lies

Any number of reasons are advanced for this thinning line of dollar defense: heavy dollar disbursements for foreign aid, both military and economic, including the $80 million capital contribution to the new Inter-American Development Bank (and soon to come, the $500 million Latin-American aid commit nt); U.S. companies' heavy investments in overseas plants; heavy deficits in the tourist-travel and miscellaneous services accounts. All these have eaten into our reserves at a rate faster than the build-up in our trade surplus.

This may explain why so much attention and support is given these days at Government levels to the current Export Expansion Program under the aegis of the Commerce Department. It may also partly explain the shift toward trade and currency liberalization by Western Europe, which is as anxious as we are to keep the dollar afloat.

With declining interest rates here and climbing rates abroad (Germany's central bank rate is now 5 per cent and Great Britain's is 6 per cent, as compared with 3 per cent in the United States), foreign investors have been switching out of U.S. Treasury bills and putting their money into equities closer to home, including British Treasury bills. U.S. stock markets, drooping under business reports that show leaner earnings, contrast with booming bourses in Western Europe and investors have been realigning portfolios to take advantage of the higher yields abroad. As these funds have drifted overseas, foreign central banks, absorbing the cashed-in dollars, have converted some part of these into gold, consistent with their policy of maintaining prescribed ratios in gold vs. dollar reserves.

A number of foreign governments have lately had to settle their accounts—in gold, of course—with the International Monetary Fund. To keep up their gold reserves, they have

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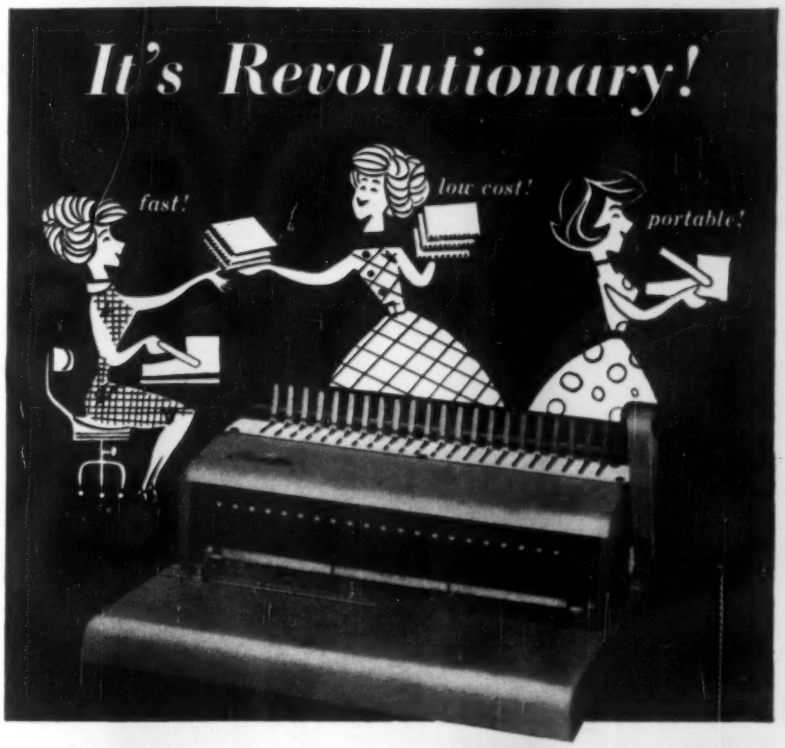

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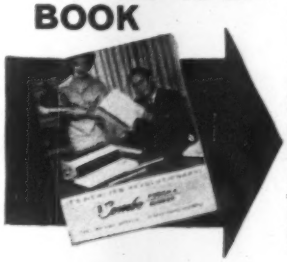

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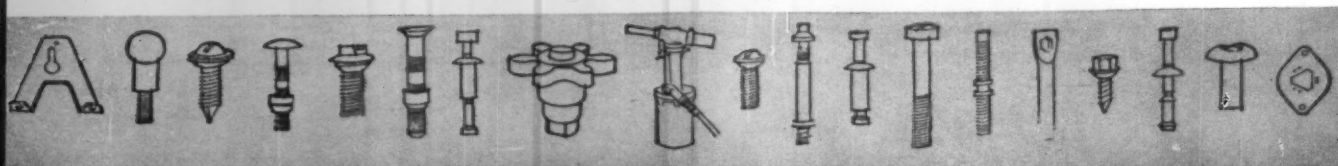

swapped U.S. dollars for U.S. gold. And with the unease generated by the African political explosion that has produced a flock of fragmentary independent economic entities, many central banks, as a precaution, have converted their dollars to gold to create more fluid reserves.

A small silver lining

On the credit side of the picture is the fact that roughly one-half of foreign claims on U.S. gold are privately held. To tap these, holders would have to clear transactions through their respective central banks, which would hesitate to subscribe to a flight from the dollar because of their own sizable stake. Some dozen heads of the leading central banks of Western Europe are custodians of billions of dollars. They have the power to control any dollar crisis.

In addition, U.S. gold sales of $451 million through the first eight months of 1960 are still below the $566 million gold drain for the comparable period of 1959 and the 1958 outflow of $2.8 billion.

Gold stock revaluation is remote, according to monetary experts. They think it may be five to ten years away. The possibility of devaluation has diminished with the recent advent of the gold-backed ruble. Reason: a 50 per cent hike in the value of gold, for example, would boost Soviet gold reserves from an estimated $9 billion to $13.5 billion, stimulating Soviet trade within and without the Iron Curtain.

The $1.1-billion surplus in the Federal budget for fiscal 1960 and the possibility of a $4-billion surplus for fiscal 1961—in contrast to 1959's $12-billion deficit—are helping improve the posture of the dollar abroad. Also reinforcing confidence among central banks overseas is the continuance of the Federal Reserve System in a semi-independent status. Its present administration is considered abroad a bulwark of sound monetary policy.

The swelling surplus in our export/import trade, which will reduce the balance-of-payments burden if it continues, is another favorable factor.

The U.S. gold problem, however, can be described as distinctly worrisome. Whether the dollar drift is toward devaluation or remains in the *status quo*, FRB gold reports will bear watching in the weeks and months ahead. END

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72,800 sq. ft. Jumbo brick on steel columns. Ceiling height 13'. 100% sprinklered. 37,000 sq. ft. air conditioned. 100% financed by local interests.

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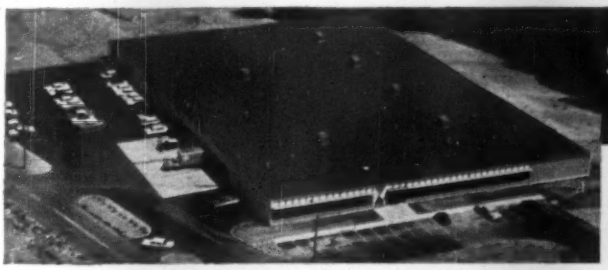
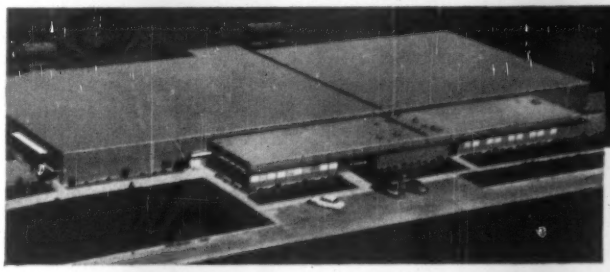


$5.11 per sq. ft.

60,000 sq. ft. Steel and masonry construction. Ceiling heights 18'—12'—10'. 100% sprinklered. Office air conditioned. Landscaping and spotlights included in contract.

IN GEORGIA



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54,000 sq. ft. Steel and masonry. Jumbo brick, face brick, aluminum curtain walls. 100% sprinklered and air conditioned. Paved parking for 200 cars.

In Georgia, heartland of the rich southeastern market, new factories and warehouses of national concerns are being built at an ever-increasing rate. And they are being built at costs well below those that prevail in other sections, as you can see from the typical examples above.

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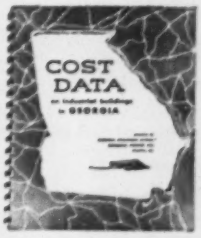
The 1960 edition of our building cost data book contains photographs and complete specifications of many recently constructed plants, together with cost information. You'll find it highly interesting.



E. A. YATES, Jr., Vice President

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GOOD NEWS FOR YOU IN INCO NICKEL

All-weather auditorium in Pittsburgh will be covered by a 415-foot diameter Nickel Stainless Steel dome. Largest of its kind in the world, the dome will protect an audience of more than 14,000. *Shown below:* Auditorium with dome rolled back.

New push-button roof of Nickel Stainless Steel is strong, light, and stays bright

It's a year-round, weatherproof auditorium—or an open-air stadium—at the push of a button!

Under sun and stars, the Nickel Stainless Steel segments of this giant roof will nest together, out of the way. When rain threatens, these segments will glide around an outside track to form a protecting umbrella roof.

This lustrous stainless steel will provide carefree beauty. Beauty that lasts year after year. *Why?* Because Nickel Stainless Steel is one of the most durable of metals. It's corrosion-resisting all the way through.

With these advantages, it's easy to see why stainless steel is opening up new opportunities in architecture and in other fields, as well.

For example, in automobiles and appliances, manufacturers are using stainless steel brightwork to add beauty that's easy to maintain. In kitchenware, stainless steel helps designers achieve good looks and long life. In industrial equipment, it provides needed corrosion resistance and high strength.

The benefits of long-time Inco research in Nickel Stainless Steel are available to all industries. Also, Inco would be glad to send you the 40-page booklet, "Stainless Steel in Product Design." It tells how stainless steel can improve the design of your products. Write: Dept. H-107, *The International Nickel Company, Inc., 67 Wall Street, N. Y. 5, N. Y.*

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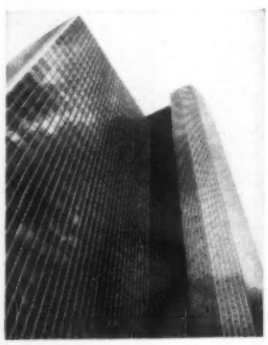


Typical of the modern buildings using stainless steel is the new Four Gateway Center Building in Pittsburgh. Nickel Stainless Steel is used as sheathing for its service core and for its mullions running top to bottom.

INCO

International Nickel

The International Nickel Company, Inc., is the U. S. affiliate of The International Nickel Company of Canada, Limited (Inco-Canada)—producer of Inco Nickel, Copper, Cobalt, Iron Ore, Tellurium, Selenium, Sulfur and Platinum, Palladium and Other Precious Metals

Inside Industry

Computer Takes Control

Now that the early visions of electronic data processing have come into focus as mirages for some companies and potential profit oases for others, all industry stands to gain. It can now evaluate the business computer in the clear atmosphere of dollars-and-cents reality.

Despite the heavy toll among the pioneers—and the high cost they bore—they staked out one great advantage over the latecomers: experience. While many companies are just learning how to apply computers to such prosaic operations as payroll preparation, the leaders are boldly advancing towards a new kind of management through electronic data processing. Now that they have eliminated—at great cost—massive pockets of repetitive "coolie" labor in paperwork, these sophisticates are progressing into control by means of electronics.

In manufacturing companies, one of the most fruitful of the areas for control is the manufacturing process itself. To be able to use computers to plan the manufacturing cycle, order exact amounts of the necessary materials and component parts, manage in-process and finished inventory, and schedule the use of production equipment is to cut both expense and capital costs and reduce delivery time. The result, of course, is higher profits and a strengthened competitive posture.

Among the scores of companies moving into computer control of manufacturing operations is American Bosch Arma Corp. Only six months after installing an IBM Management Operating System based on a Ramac 305, the American Bosch Division in Springfield, Mass., is already saving an estimated $120,000 a year over and above the system's annual rental fee of $66,000. As soon as the full capability of the computer is realized, this saving should triple. The computer has also had a stabilizing effect on plant employment, which used to fluctuate considerably.

This 1,600-man plant fabricates 1,000 different products out of 15,000 component parts. Since the same parts are used in many different end products, a single order affects the inventory status of many other American Bosch Arma end products.

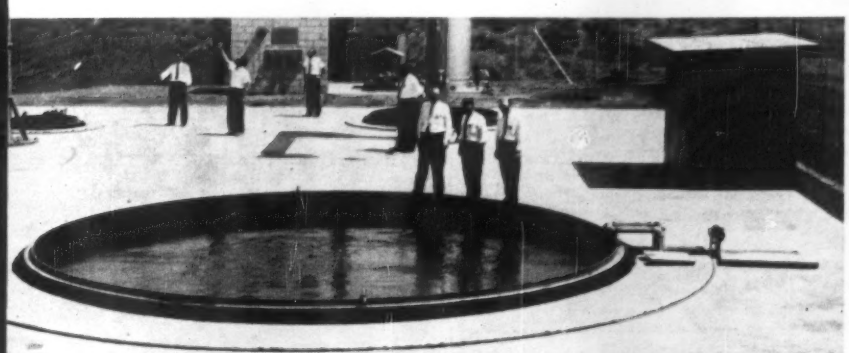
- *Computer-controlled manufacturing process brings $120,000-a-year savings*
- *Renting time on numerically controlled milling machines benefits small producers*

Consolidating as many orders as possible to result in economical runs of component parts while meeting delivery schedules is obviously a tough job for human beings. But it's a natural for a computer.

This is how the system does it: The computer first "memorizes" all bills of material for each product, as well as parts inventory and parts orders. Production schedules and engineering changes on bills of material are the computer's steady diet. When an order arrives, the machine goes into action, converting production schedules into actual manufacturing dates (the day by which a certain part must be made), comparing manufacturing dates with stock on hand, determining whether shop orders and purchase requisitions should be prepared or cancelled.

The actual output of the computer consists of the following:

- Shop orders for economical quantities
- Stock planning status reports
- Suggested changes in or cancella-



BOOMING BUSINESS: *This is one of the three water-filled forming pits at the new Ryan Aeronautical high-energy forming facility. Metal parts can be formed instantaneously against submerged dies with explosives. In the past two years, Ryan dynamiters have learned how to handle 35 different tough alloys in making nose cones, engine pods, tailpipes, and ball joints for aircraft and missiles.*

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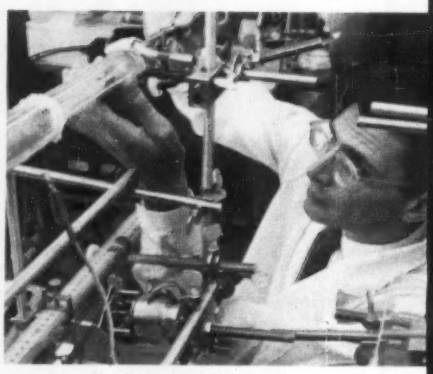

ATOMIC ARRANGER: *Removing a test crystal from an experimental apparatus that enables scientists to "grow" electronic components. By means of vapor deposit, different semi-conductor materials can be laid down on a crystal base in atom-thick layers in this IBM technique which may eventually result in miniaturization of giant computers.*

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REPRESENTATIVES IN PRINCIPAL CITIES

tions of current open purchase orders
- Periodic evaluations of optimum inventory levels
- Immediate answers to inquiries for information about parts or products.

Consolidating production into longer runs has brought the most significant cost reductions. The number of shop orders prepared annually (at a cost of $30 apiece) has been cut by thousands. Thousands of tool set-ups (which run from $20 to $100 apiece) have also been eliminated. Lower inspection costs and lower in-process inventory have been other results. And more information is available.

In addition to day-by-day production control, other important functions—cost restandardization and tool control—will be added to the system. Each year, the plant reviews its cost structure and adjusts it to reflect current conditions. The computer will do this at 70 per cent of the manual cost. Eventually, the computer will also provide minimum-maximum usage figures for 12,000 tools in the plant and indicate when a given quantity of a tool should be ordered.

American Bosch Arma is only one of scores of companies applying computer control to production, and it is only one of dozens using systems based on random-access memories for this purpose. Few may achieve Arma's remunerative results so quickly. But they know they are approaching a new high level of production control that will put them in a much

better position to meet the challenge of newly efficient foreign manufacturers.

Automation for Rent

Industry can now rent time on the giant numerically controlled milling machines that so many production men have been panting, but not paying, for. In Seattle, the Boeing Airplane Company has set up a separate production subcontracting division with a dozen machines, and in Santa Ana, Calif., a small job shop—undoubtedly the first of many—has been organized around a single Kearney & Trecker machine. The operators, Mill-A-Matic Machining, Inc., will produce complex parts from a customer's blueprint in short order.

In addition, Kearney & Trecker has a separate subcontracting division in Milwaukee equipped with machines of its own manufacture. These new services should be a boon to smaller manufacturers who can't afford these $150,000-to-$500,000 machines.

Once the control tape has been prepared—often the most time-consuming step in the process of fabrication by numerical control—parts can be supplied on reorder at top speed.

—M.M.

ATTRACTIVE JOB: *Handling of auto trim parts at Chrysler plants has been speeded up by replacing a great variety of pins, clamps, and hooks on paint conveyor lines with magnetized hangers.*

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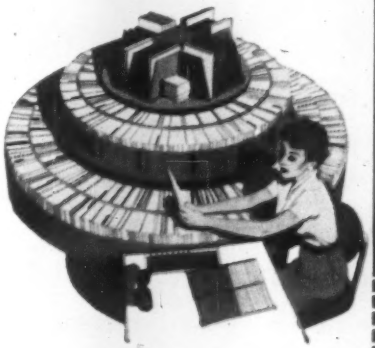
New ACME VISIBLE ROTARY cuts record handling time in half!



A touch of a button spins data to user at electronic speed! Look at any point in your operation where record or data files are used. You're apt to see workers spending a third to half their time shuttling between desks and cabinets, reaching, stooping, drawer pulling. **New Acme Rotaries end this waste motion completely!** At desks around a smartly modern Rotary, 1, 6, 12 users or more have instant access to as many as 250,000 records. To see how Rotaries save time, money, and up to 50% in floor space, SEND COUPON TODAY.

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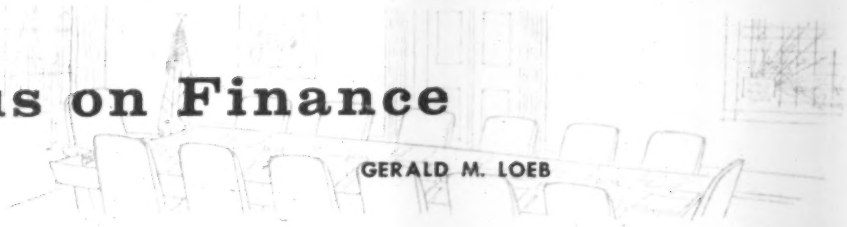

- *When the company name no longer matches the company character, it may be time for management to take action.*
- *Fresh light on purposes, costs, and format of the corporate annual report comes from a new survey.*

What's in a Name?

In December, 1948, Alfred de Liagre, Jr., presented a play by Jean Giraudoux called "The Madwoman of Chaillot." In the first act, a group of promoters are sitting around a table at a sidewalk café in Paris. They have just raised a large sum of money through a public stock offering, but as yet they have no name for their new corporation, and nothing for it to do. They ponder the problem of a glamorous name, and regretfully dismiss "United General International Consolidated" because it has been used before. Then one of them, struck by the nasty taste of the water at the café, concludes that there must be oil under the city of Paris, and that the main deposit is undoubtedly right beneath them.

Now they have a purpose for their company, but they still need a high-sounding name for it. They come up at last with an inspiration—"International Substrate of Paris, Incorporated"!

Giraudoux, with an acumen which would ensure him success as a share pusher no less than as a playwright, recognizes the importance of a judicious appeal to every possible variety of interest. "International" implies unlimited geographical scope. "Substrate" underlines the romantic possibilities of mineral exploration. "Paris" appeals to local patriotism in a large and wealthy city. "Incorporated" sets the seal of respectability on the whole fantastic enterprise.

Style makes the name

There are fashions in naming corporations, just as there are in everything else. This is particularly true of new companies in today's scientific world. It seems that a new public offering of stock goes over much better if the name, as well as the company, has a scientific flavor. Hence the crop of names ending in -ic, -ics, -onic, and similar terminations which used to be associated more often with ethical drugs than with publicly-owned corporations.

Recently Chicago's Standard Railway Equipment Manufacturing Company spent four years and $10,000 to find a new name. It finally hit on Stanray Corp. This is not a name which tells you much about the company. But it has a modern flavor, appropriate to a corporation which is diversifying into lines of business with potential for the future. And it indicates that the company is no longer exclusively interested in railroad equipment, currently an industry not very popular with investors.

Until 1918, the present Fansteel Metallurgical Company was known, after the name of its founder, as Pfanstiehl. In that year it became Fansteel Products Company, and the present name was adopted in 1935. The original change was probably made because of difficulty in pronouncing the old name or because of popular antipathy during the First World War to anything remotely Germanic, but it has had an unfortunate consequence. Because "-steel" happens to be part of the new name, many investors think that this is partly or wholly a steel company. In fact, it is not in the steel business at all; its products are tungsten, molybdenum, tantalum, columbium, and various electrical and other components made from these metals. But until very recently, the stock showed a tendency to move up and down with the steel group.

Out in California, Ralph Davies' expertly guided Natomas Company is further curtailing its already small gold-dredging operation. Yet a high percentage of investors still think of Natomas as a gold stock. At times, in fact, it tends to advance temporarily with the gold group. The figures are not published, but it looks as though net income from gold dredging in 1959 was only $50,000, out of total consolidated net income of nearly $3.7 million.

Accent on shipping

The company's largest source of income is dividends from, and equity in the undistributed earnings of, two shipping lines: American President Lines Ltd. (52.1 per cent owned), and Pacific Far East Line Inc. (36 per cent owned). The company is also engaged in land sales, water distribution, mineral exploration, the operation of one of the largest pear orchards in California, and the construction of a major office building in San Francisco. Obviously, Natomas needs a name that is not associated in investors' minds with gold dredging but corresponds to its new nature.

Some corporations have changed their names in the past few years because their stockholders were almost all potential customers. When the corporate name is brought into line with the brand name of the product,

As the largest specialized nut manufacturer in the world, we are constantly developing new methods and products for this phase of assembly, in industry . . . In the field of locknuts we have made spectacular progress . . . besides standardized hexagon "Conelok", "Huglock" and "Marsden", sizes ¼"-3", we offer the same types in "12 Pointer," a nut designed for increased tool clearance . . . You will find in your engineering department a *12 page condensus catalog insert in Sweets Product Design file and in your purchasing department a *2 page color insert in Thomas Register . . . If you do not find the information that you want in this material, send for our comprehensive 144 page catalog . . . our sales and engineering departments are available to help you solve your fastener problems.

*Reprints are also available for your personal file.

NATIONAL MACHINE PRODUCTS COMPANY
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the stockholder is reminded to support his own firm. Socony Vacuum Oil Company became Socony Mobil to capitalize on the familiar "Mobil-oil" brand name, and The Texas Company became Texaco for the same reason.

In the fall of 1952, the Omnibus Corp. began getting out of the omnibus business, and in August of the following year it acquired from General Motors the companies of the Hertz Drive-Ur-Self system. When it changed its name to Hertz Corp. at the end of 1954, it was merely signifying an accomplished fact. In the four years preceding the change of name and business, total net income was $2.4 million. In the single year of 1959, it was $7.9 million, representing an improvement in the annual rate of earnings by a factor of more than 13-to-1. For a growth company of this kind, the old name, with its unprofitable associations, would have been a definite drag in the mind of investors.

New interests, new name

Several companies have changed their names in order to show that they are now wholly or partly in a different business — United Paramount Theatres to American Broadcasting-Paramount Company, for instance. Possibly even more significant are the changes designed to show that the company is *not* in a certain business any longer. The former National Automotive Fibers, under its new name of Nafi, has disclaimed its erratic past and launched into a glamorous new career—in the boat building business. Pennroad Corp., long separated from its parent, the Pennsylvania Railroad, has broken completely with its past. Under its new name of Madison Fund, it is a successful closed-end investment company and is in the process of divesting itself of its few remaining operating railroad properties.

Often a long name can be shortened with advantage. Granby Mining is a lot easier to say, or write, than Granby Consolidated Mining, Smelting and Power. Sometimes the process of compression can be made to serve another purpose as well: The old Felt & Tarrant, as Comptometer Corp., is more easily identified as a company in a technologically interesting field.

Corporate management today seems to be conscious as never before of "name" values. Only easy cynicism would ascribe this consciousness solely to the influence of Madison Avenue. (For that matter, the advertising and public relations world should, for obvious reasons, play an important part in name retention or alteration.)

The fact is that there is everything in a name. I feel very strongly that any corporation with a name that fails to describe its major activities correctly or differs from the trade-mark used on its major projects should take steps at once to consider the pros and cons of a change.

The Atchisons, Topekas and Santa Fe's of the corporate world who are only known as Santa Fe's to their customers and investors can well consider a single, to-the-point appellation.

Contributing Editor Gerald M. Loeb, widely known as one of the most astute men on Wall Street, is a partner in the brokerage firm of E. F. Hutton & Company. Author of the financial best-seller *The Battle for Investment Survival* and of the newly published *Loeb's Checklist for Buying Stocks*, he brings to DUN'S REVIEW readers the insight of three decades of experience in the world of finance.

Worth the Price

The wide variety of corporate enterprise seems to require an equal diversity of methods for informing stockholders about their corporations. We have already seen such unusual techniques as full-page newspaper advertisements, Sunday supplements, and even food containers, employed to draw attention to the annual report.

Now, the American Management Association has released a recent survey of reports put out by 278 companies. It turns out that even the standard printed report is prepared and presented in dozens of different ways.

In terms of cost, 37 per cent of all the companies which replied said their annual reports cost from 26 to 50 cents. The survey unearthed one report which cost $2.65 a copy. Another—20 pages in two colors, with a four-color cover — checked out at $3.

About a quarter of the companies questioned entrust preparation of the

"I am a Burlington Man"

Modern locomotives—like these new 2400 h. p. turbo-supercharged beauties—are an important factor in the reliable rail transportation provided by the Burlington.

Keeping these locomotives at peak operating efficiency is part of my job as a Burlington shop superintendent. We prevent trouble by regular scheduled maintenance of the diesel engines, electric generators, traction motors, and hundreds of other components of these mighty locomotives. So we know that our locomotives will perform efficiently over the Burlington's 11,000 miles of railroad.

Thus we assure shippers and travelers of fast, dependable service—service that makes me and my fellow-workers happy to say,

"I am a Burlington Man!"

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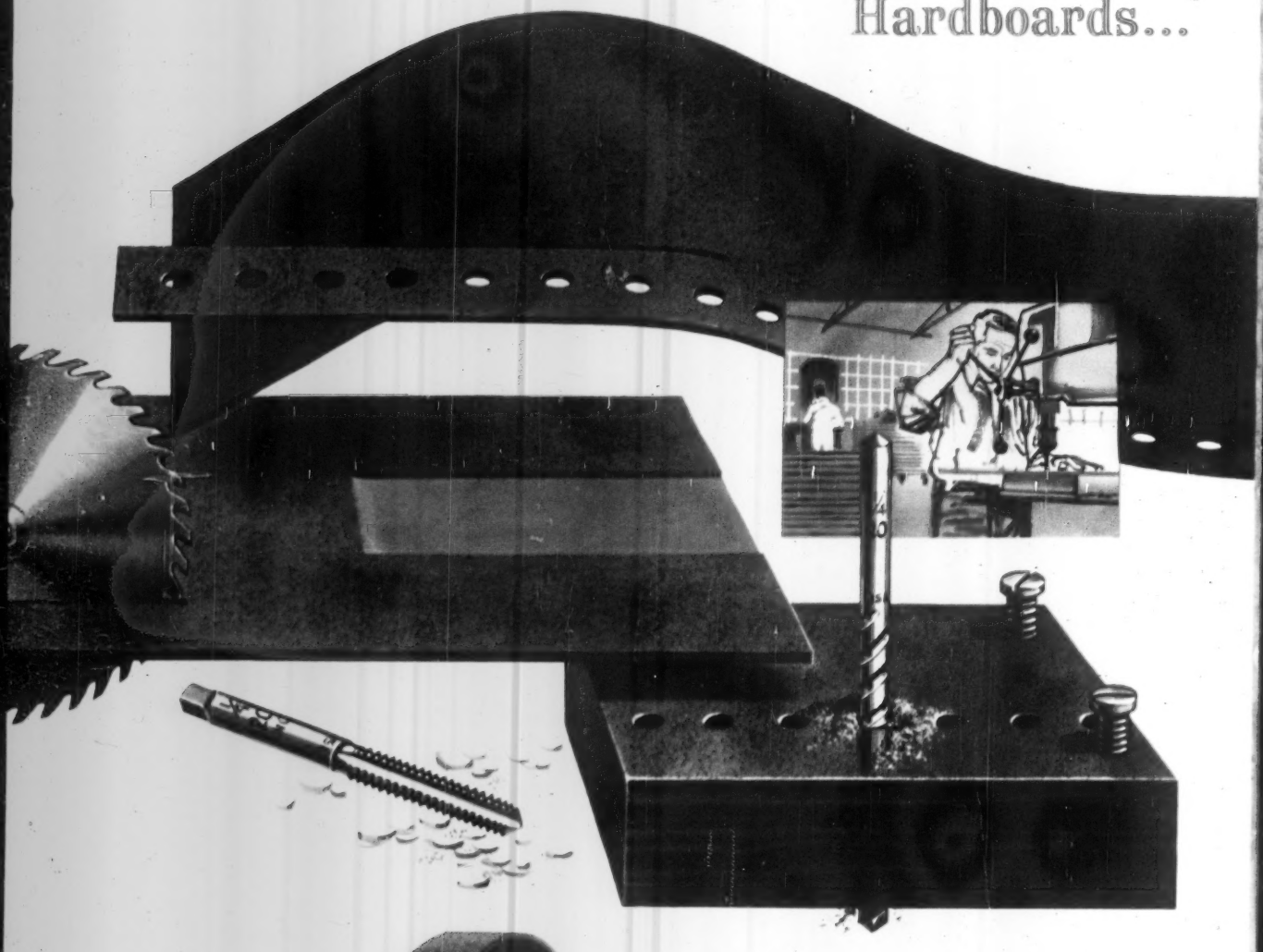
BURLINGTON LINES · *Everywhere West*

you can do just about anything with Masonite Hardboards...



for example Saw them, tap them, perforate them, drill them, shape them, rout them, curve them—in no time! If time and money are important to you, you'll find Masonite hardboards as workable as wood, more practical than any other hardboard.

in fact Masonite offers you a complete choice of thicknesses, densities, textures and patterns. Smooth finishing. Extreme resistance to impact, moisture and wear. Whatever your design or production need, Masonite has the hardboard to do the job.

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Masonite is a registered trade-mark of Masonite Corporation.

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Address .....

City ..... *State* .....

Zone ..... *County* .....

report to "an executive on the financial staff." A further 22 per cent leave the job to the president, the secretary, or some similar officer. Nearly 19 per cent said that "a middle-management executive in the public relations area" was in charge.

The end product varied as widely as the means of producing it. The shortest annual report was four pages in length; the longest, 65. Some reports were in black-and-white, some in two colors, some in four. No pictures, some pictures, and enough pictures for a family album were reported from various quarters.

Cost goes down sharply as the order rises. A typical 16-page report, printed in two colors with a dozen illustrations, might cost as much as 75 cents to $1 a copy for the first 2,000 copies; with a run of 10,000, the cost should come down to 35 or 40 cents, and 100,000 copies should cost about a quarter apiece.

The costs quoted are no doubt a printing, addressing, and mailing cost. Editorial costs of preparation add considerably to the total.

Tailoring means to ends

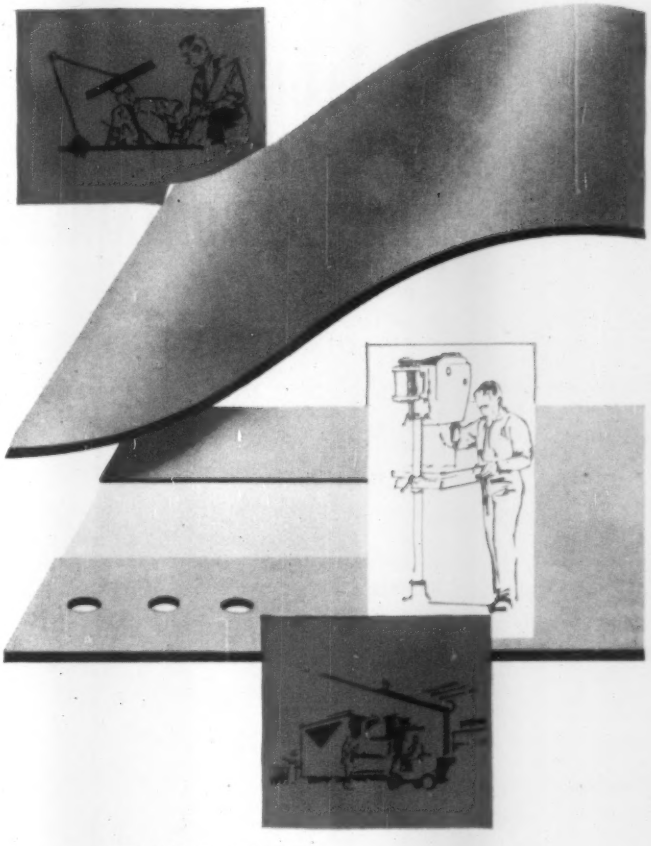
A lot depends on the nature and needs of the individual corporation. A consumer goods manufacturer wants not only to inform its stockholders but to enlist their aid as part-time volunteer salesmen as well. A company with a large labor force, sensitive to good labor relations, intends its report to serve something of the purpose of a house organ. Another management, preparing the ground for new financing, may want to impress the financial community.

An annual report can help achieve any of these objectives—and many others. One curious omission in the American Management Association survey is that it makes no mention of outside assistance. There are many occasions when consultations with stockholders, banks, brokers, or financial public relations advisers could make a report more effective.

It is my view that the best type of annual reporting is fully worth its price. The cost will vary with the requirements, but requirements should be fully met regardless of cost. Expert advice should be secured, and the objectives desired and audience to reach clearly outlined to them.

The benefits from intelligent reporting will offset both the effort and the expense. END

...and your fabricator will help you in all these ways:



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For the *first time,* on the *largest* and *only* blow molding machine of its kind in the world, you can add these advantages to your shipping containers: unbreakable, re-usable, disposable, corrosion-resistant, visual inventory of contents, molded-in identification, — to name a few. Eclipse Plastic Industries (E. P. I.) Plastic Containers are custom fabricated to any shape, round, square, oblong, in any size from 1 qt. to 55 gallons. Write for details or ask for one of our Container Engineers to assist you.

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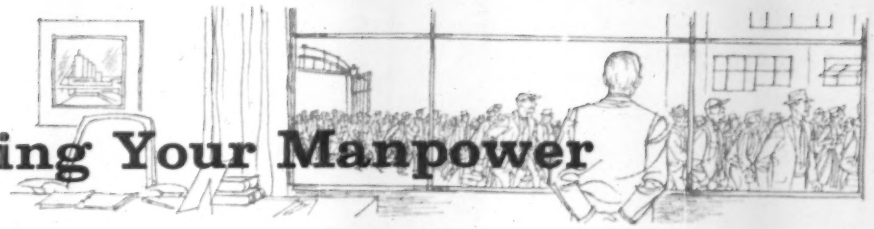


Managing Your Manpower

LAWRENCE STESSIN

How do you pick a man for a management job? Do you run him through the testing mill—or rely on hunch?

Rundown of the arguments on both sides of the testing controversy gives test advocates the edge.

TO test or not to test: This is a question to which any executive who has ever hired a man is apt to have a ready answer. Indeed, the pencil-and-paper route to selection and promotion of candidates for potential managerial positions has become a management issue charged with emotional overtones.

Arrayed on one side, behind a barricade of surveys, research studies, and Ph.D.'s, are the "yes" men who hail tests as "exact," "objective," "scientific."

In the other camp, supported by no less formidable a barrage, are the "no" men who declare that nothing can replace such homely virtues of the selection process as "intuition," "feel," and "judgment"—not to overlook the commonplace reference check and face-to-face interview.

The battle lines are rather narrowly drawn. Both sides concede that tests for physical skills like manual dexterity and the general aptitude tests commonly given to typists, clerks, and other lower-rung personnel are here to stay. Time and experience have put the stamp of reliability on these mechanisms for slotting people into the right occupational niches.

The fire's elsewhere

An estimated 5 million persons a year go through this kind of sorting mill without much complaint from personnel departments or others on the hiring line. The *cause célèbre* today is the issue of personality and temperament tests.

What are such tests designed to do? The Employee Relations Division of the National Association of Manufacturers, in a primer on testing prepared for its members, puts it this way:

"Personality tests may be summed up as a procedure for determining the pattern of behavior of an individual. Such tests are designed to reveal the possibility of abnormal behavior, permitting the elimination of applicants who give promise of becoming problem employees."

Offering a bit of gratuitous advice, the NAM goes on to assure employers that "It is not an unkindness to refuse to hire a man whose failure in job performance or in his contact with other individuals is highly probable."

In more technical jargon, the personality testers lay claim to being able to measure traits ranging from "neuroticism" to "radicalism," not to mention "anxiety," "introversion," "extroversion," and "dependency."

It is Freudian terminology like this that has brought on so much headshaking. The detractors of personality tests charge that such pokings into the psyche are an invasion of privacy, an immoral inquiry into emotional areas that are none of the boss's business. They ask whether an Edison or a Ford—men who were certainly far from any accepted norm—would have been granted a second interview after their test scores had been analyzed.

Du Pont's Crawford H. Greenewalt doubts that even Benjamin Franklin, every schoolboy's exemplar of free entrepreneurial virtues, would have made the grade had he been compelled to answer projective questions such as: "Do you like or dislike: (a) snakes? (b) flowers? (c) machine guns? (d) teaching school? (e) art galleries? (f) 'blue' movies?"

"Based on what we know of Franklin's character," says Greenewalt, "I could only conclude that he would have had bad luck winning a place for himself today."

The "invasion of privacy" argument cuts very little ice with even the most reputable people in the testing business. Says Lyle M. Spencer, president of Science Research Associates:

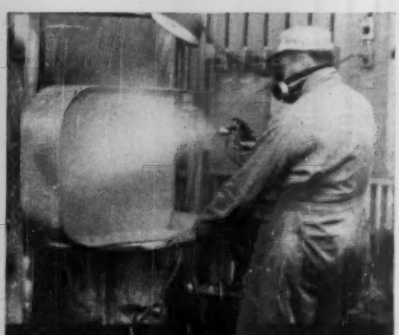
"These tests don't give you kinds of information essentially different from what you can get with traditional means of evaluation—applications, interviews, reports of previous employers, and the like. They do confirm or indicate what you can find out in the traditional ways, but with the advantage that their findings fall within a fairly well-defined margin of error. For this reason they are no more prying than accepted methods for assessing personnel."

Room for creativity

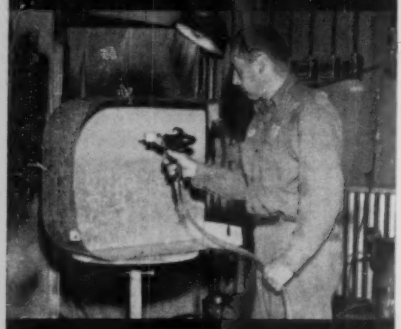
Nor does Spencer go along with the notion that only the routine, unimaginative applicants get passing grades, while the strong, creative people are lost in the shuffle.

"This reflects another myth," he says, "namely, that only conformists

big savings for your finishing department



A PICTURE OF WASTED PAINT. The overspray you see is typical of most old-fashioned spray systems. Fifty per cent or more of the paint never reaches the object to be painted at all.



WITH NORDSON AIRLESS. The same product being sprayed by the same man; but, this time, little or no overspray — paint waste cut 25 per cent or more.

With an ordinary spray system, 600 parts of air are needed to atomize one part of paint. When the spray gun is triggered, the mass of air must go somewhere and it carries with it clouds of paint — much of which goes up the spray booth exhaust stack or settles where it is unwanted.

The Nordson Hot Airless System changes all that. *No* air is used for atomization so overspray is cut to a bare minimum. Important savings are made in both material and labor. Clean-up time is cut to the bone, housekeeping improved. We can show you how to cut painting costs and at the same time get better finish quality. Write for your free copy of the Nordson Hot Airless Spray Brochure.

NORDSON CORPORATION
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do well on so-called 'standard tests.' Test scores actually indicate individual differences between people; they reveal rather than obscure individuality. As for the quality of creativity itself, tests designed to show how individual people in specific fields differ in creative power are beginning to be made available."

The hubbub over personality tests hasn't eroded their popularity as selection and promotion tools in industry. It is estimated that over 60 per cent of the companies with more than 500 employees use one or more of the 150 motivation tests now on the market. The reason behind the current excitement is that management now seems to be determined to take some of the guesswork out of the personnel picking process.

The main problems stem from the conviction that the root of executive job failure is not lack of skill but personality conflicts. There's a body of respectable research to buttress this feeling.

Misfits misfire

Two years ago a couple of research psychologists, Gaudet and Carli, interviewed 200 top executives in industry. Each was asked to select one man in an executive post who had to be demoted, transferred, or fired because he had failed in his job. The top-echelon men were then encouraged to select and rank those characteristics which were responsible for the appointees' failures. Conclusions: "The responding executives themselves believed, four to one, that personality lacks were more responsible for failure than were knowledge lacks."

Adds William E. Henry, another researcher who has analyzed executive success patterns: "The large percentage of failures among fancy-titled, high-paid executives is not due to breakdowns of skill; it is due, in general, to inadequacy of personality development."

Can tests predict job success? This is another question that always rears its head in the debate. No discussion on the subject goes very far without someone popping the argument that he knows someone who took a test, was told he wouldn't do, and now holds down a top-level job with another company.

No tester worth his fee will deny that errors creep into the test evaluations, just as they do in every other kind of measurement. The other side of the coin is the experience of Sears Roebuck & Company, which began testing management people after the war. The Sears psychologists studied 200 men. Then the test scores were locked away in a file. Five years later, when the file was opened and the test results reexamined, it was found that the men who had been marked for promotability by the test graders were the ones who had gone up the ladder. The tests proved, in fact, to be 67 per cent correct in their prognostications.

General Electric's experience, on the other hand, was definitely not so conclusive. Notes a GE report: "Unfortunately, validation studies conducted with interest-and-personality tests often give misleading results. For example, in several studies a negative relationship has been found between scores on personality inventory and a criterion of on-the-job success."

GE implies that the failure of personality tests to come through as strong decision-making tools may be because some candidates try to "beat" the tests by tailoring their responses.

By now, almost everyone in industry has read with relish or scorn the chapter on "How to Cheat on Personality Tests" in William F. Whyte, Jr.'s provocative book *The Organization Man*. The publicity which followed gave psychologists pause—with the result that room for fakery has been minimized in many of the newer tests.

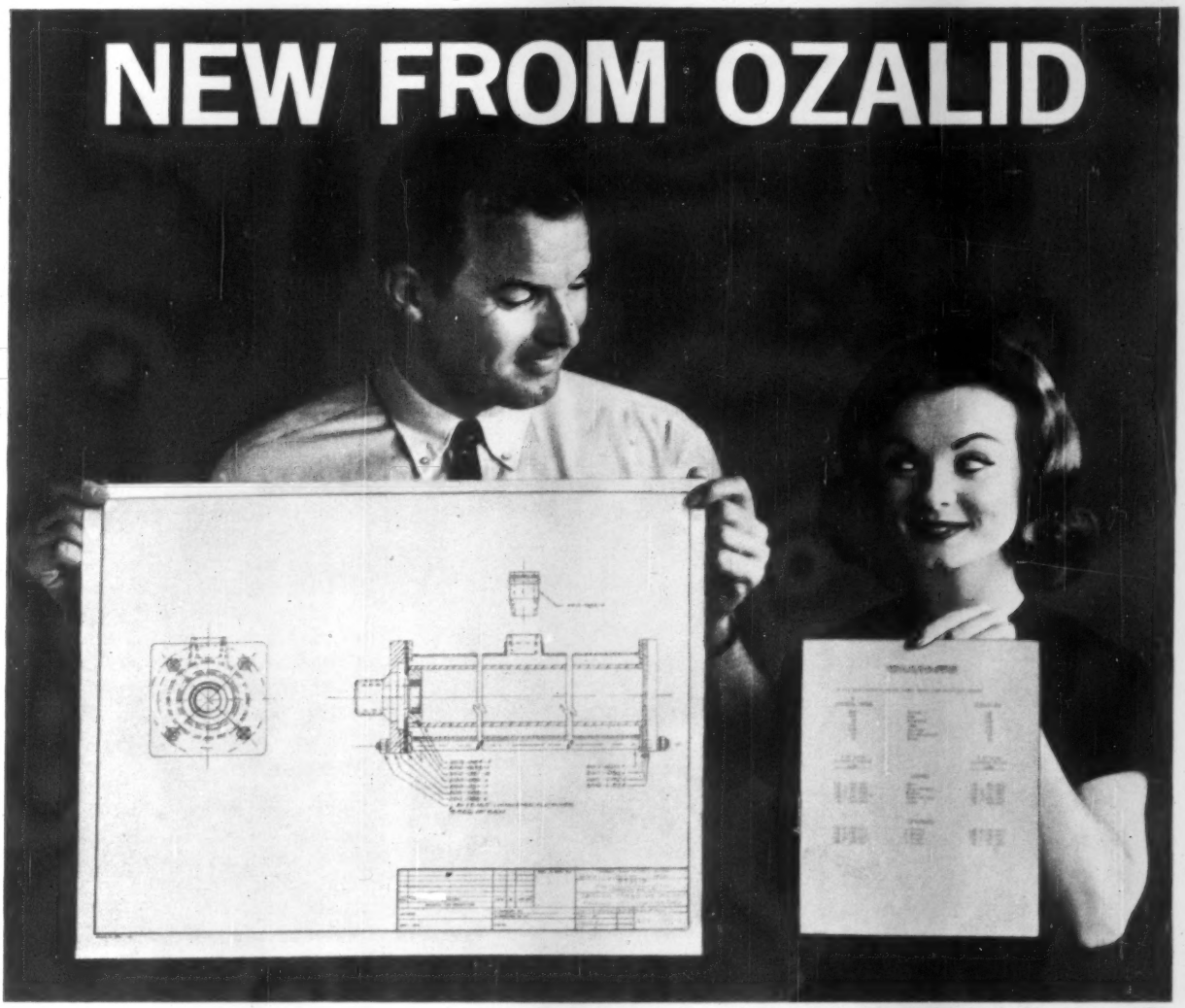
Giving themselves away

Asked whether it isn't easy for the subject to deliberately distort the results, Spencer says:

"It may be possible, but it isn't easy, if the test is well constructed. Some lend themselves to distortion more readily than others. The better ones include questions to detect deliberate distortions.

"Over the years, psychologists have found that most people distort their answers to these tests in consistent and predictable fashion. Some companies have found, for example, that their better salesmen consistently distort in one way, and poorer salesmen distort in other ways. The pattern of a man's distortion then becomes one more measure which helps to pick out the more promising applicants. For instance, a man taking a test for salesmanship may feel that 'aggressiveness' is a virtue in selling and will

NEW FROM OZALID



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"Job-Mated" cranes by Shepard Niles fit the job picture perfectly because each one is built to meet exact on-the-job conditions. The ideal combination of capacity, clearance, speed and controls is specified to assure years of highly efficient, economical service, and to keep wear and maintenance to a minimum.

With the most complete line of quality-built cranes in America to choose from, you can be sure you have the **right** crane for the job—a **"Job-Mated"** crane by Shepard Niles—from 500 lbs. to 500 tons.

For further information on Shepard Niles cranes, and how they can improve your plant operation, write for a descriptive bulletin, and ask to have a Shepard Niles representative call at your convenience.

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answer his questions accordingly. Many companies have long abandoned that trait as a criterion for salesmanship."

Pay for Union Leaders

Janitors, elevator operators, and other building employees like to pay their union leaders good salaries. Highest-paid union official in America is William L. McFetridge, president of the Building Service Employee International Union, who gets $127,662 a year. McFetridge outranks Jimmy Hoffa, whose annual stipend runs around $75,000.

The Building Service Union also believes in investing sizable union funds in common stocks. It has a quarter of a million in the stock market and almost a million dollars is invested in Government bonds.

Union income and expenditures are now coming out into the open as a result of the Landrum-Griffin Act, which requires labor organizations to reveal detailed financial statements.

Merger Season

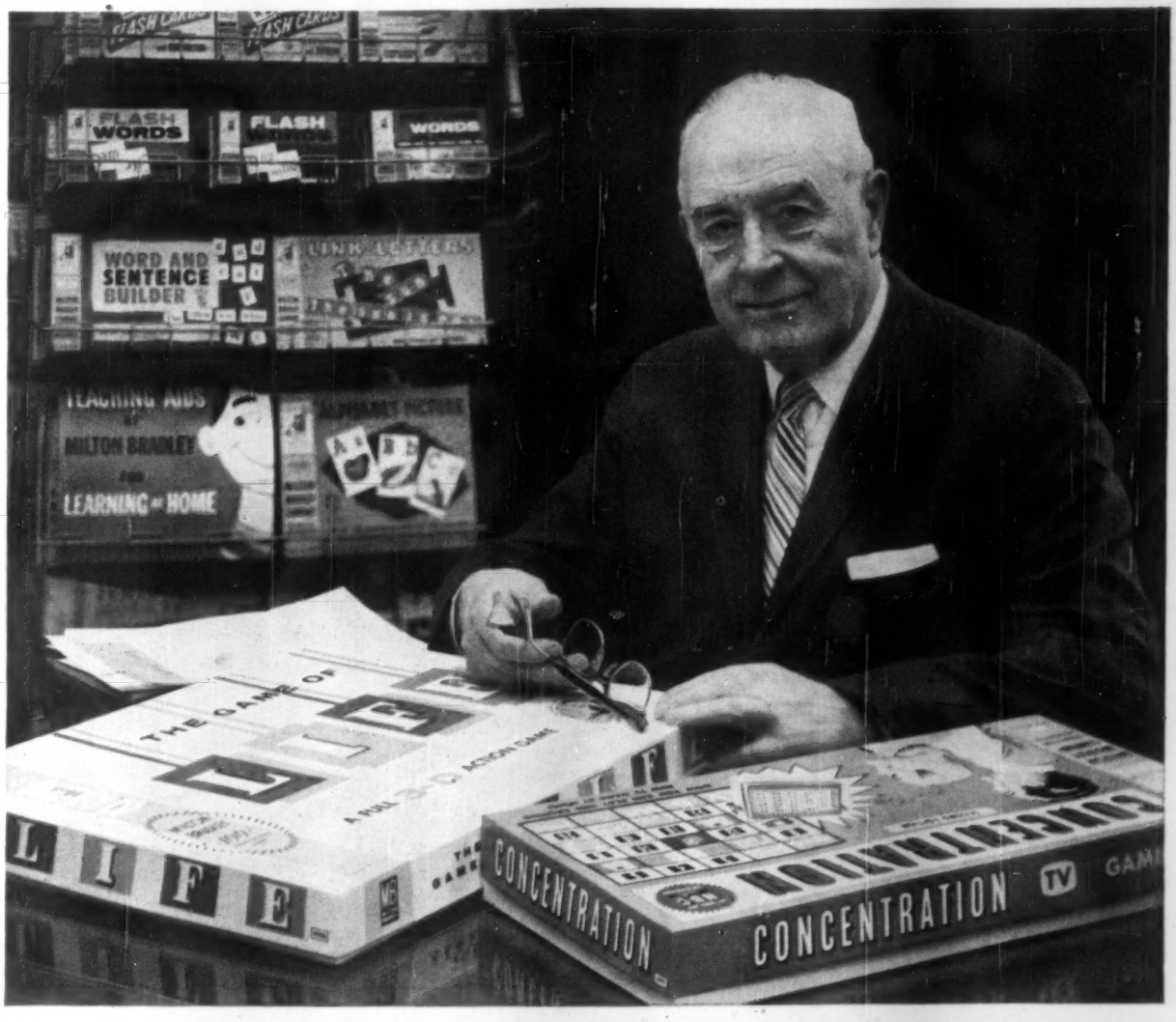
Unions are taking a leaf from management's book: They're talking merger to strengthen their financial positions and fortify their bargaining fronts. Reporters', printers', and papermaking unions have already held preliminary talks. If the marriage is consummated, the total membership will add up to 500,000.

Chemical, maritime, and electrical unions are each considering unifying separate factions. Merger talks among unions run into the same stumbling blocks as companies do when they sit down to plan amalgamation: Who'll get the top jobs? In industry, the top brass can share some fancy-sounding titles—chairman of the board, chief executive officer, president. But union organization structure is less flexible.

Royal Gesture

Employees of the Hartford Fire Insurance Company are in for the biggest birthday present of their working lives. The occasion? The company is 150 years old and has decided to celebrate its longevity with a birthday cake made of money. Every one of the 12,000 workers, retirees, and widows will receive a month's bonus.

END



Santa kept on delivering Milton Bradley games because "Heller stepped in when we needed finances most"

Long a leader in games and school supplies, Milton Bradley Corporation, Springfield, Mass., faced a dilemma. An unexpected need for heavy purchase of raw materials in a rising market had collided head-on with the need to pay up notes.

"To preserve the company and at least provide means to pay everybody eventually, we ordered the materials," relates James J. Shea, Sr., Milton Bradley's President. "Then Heller, called into the emergency by our banks, developed a plan which provided us with the financial lifeblood to stay in business."

Many are the uses of money in business and many are the individual Heller plans for using it. But always the ingredients of the basic formula are the same: Good businessmen, and creative financing —each useless without the other, but extremely potent together. If your annual sales are upward of a quarter million, our booket explaining Heller services may suggest how to strengthen your position and increase your profits. For your copy, write Dept. DR-10 today. There's no obligation whatever.

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A better place for careers

...and kids

Governor Nelson Rockefeller and his "hard-hat" administration have created the nation's most favorable climate for a business career. Job opportunities in New York State (tops in America) are fast increasing because business is given every encouragement to grow. ■ At the same time another kind of career has found exciting opportunities in New York State. That's the career of being a kid . . . of growing up in a fine community, going to a good school and having loads of fun. In the past two years alone, almost 200,000 new homes and $1.5 billion worth of new schools and extensions have sprung up from New York State soil. And famed vacationlands, from Long Island beaches to upstate mountains and lakes, along with other social and cultural facilities, are being further enhanced by outlays of millions of dollars.

We'll compile a report tailored to your specific new plant needs. Write Commissioner Keith S. McHugh, Dept. of Commerce, Room 456, 112 State St., Albany 7, N. Y. (All contact between your office and ours will be kept *under* our hat.)

GET UP TO DATE ON NEW YORK STATE . . . WHERE THEY'RE TALKING THE BUSINESSMAN'S LANGUAGE

Sales & Distribution

- *New incentives to "buy big"*
- *How to sell the stay-at-home farmer*
- *Merchandising the apartment*

Thumbs Down

Like a man who's too busy to retrieve small change, many companies are now turning their backs on small orders. This increased selectivity isn't the result of too much prosperity. Instead, it reflects two important current developments in industry: tight inventory policies that lead to hand-to-mouth buying and the application of distribution cost analysis in many companies.

In their efforts to increase profits rather than simply to boost sales volume, companies are turning to the most profitable products, sources, and order sizes. This has been reflected in recent years in an increased concentration on the larger, more profitable customers. Today many companies report that about 75 per cent of their volume is coming from 25 per cent of their customers.

A recent survey of 254 companies by the National Industrial Conference Board discloses a growing awareness in industry of the cost of filling small orders. Many companies are now breaking down sales data in order to discover what proportion of their volume comes from various customers and in what size orders. At the same time, they are analyzing all the costs—paperwork, selling, order picking, packing, and transportation—that various order sizes involve.

From this analysis, some companies have discovered that many orders they had been handling were so small that these costs—which are proportionately higher on a small shipment—more than offset the profit on the order and sometimes equaled or exceeded the amount of the sale.

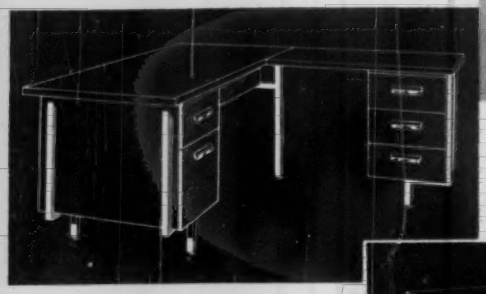
A survey of about 700 meat packers and canners made by the American Meat Institute shows that distribution costs rise almost geometrically as the order size shrinks. Average distribution cost per hundredweight, which is $1.53 in orders of 500 pounds, goes up to $19.05 on orders below 25 pounds.

The NICB survey offers a rundown of specific steps that are helping to check the small-order profit drain:

TO INCREASE *its sales in the neglected farm market, the J. I. Case Company is providing dealers with service trucks that display both tractors and smaller items (see story).*

DISPLAY CASES *built into sides of the trucks contain impulse items such as tools and lubricants. They are also used in selling industrial construction machinery to contractors.*

Which desk goes better in your offices?



MODULAR?
Dramatic styling — modular flexibility — colorfully attractive

CONVENTIONAL?
Quiet styling — conservative appearance — smoothly proportioned

The two desk styles shown here are made by H-O-N. And there is a demand for each kind. You may have a strong preference for one or the other. In either case, an H-O-N dealer can satisfy your desk requirements, completely . . . with Millionaire Modular or Convaire Conventional.

H-O-N OFFICE EQUIPMENT

Ask your H-O-N dealer to show you the improved construction features and desirable utility features that distinguish both H-O-N styles as solid values for your desk investment. Write H-O-N Co., Muscatine, Iowa for literature, and dealer's name in your city.

Enjoy THE ADDED SECURITY AND INDEPENDENCE OF

TWO Incomes!

INVEST IN ***Launderamas***

Coin-Operated, Fully-Automatic Laundry Stores

LAUNDERAMAS are the perfect "second business" for the man who wants to protect himself against today's inflationary costs. They can supplement his present salary and provide a steady, dependable source of revenue during retirement years. In 1959, over 1,800 businessmen invested in LAUNDERAMAS. Today, they are all enjoying substantial additions to their incomes—because LAUNDERAMAS require a low initial investment and begin to produce high returns from the day of opening.

The LAUNDERAMAS' low operating cost, which is free of franchise fees, permits you to offer your customers a 40% to 60% saving on all their laundry needs . . . making LAUNDERAMAS quick to win community acceptance and conducive to chain operation.

LAUNDERAMAS offer you built-in investment security because they are "competition proof"! They feature custom-designed equipment that is able to handle twice the amount of clothes the average commercial washers handle and at almost half the utility and maintenance costs. This outstanding equipment is available at the lowest financing terms in the industry—as low as 10% down with the balance financed at 6% over three years.

Our national organization of independent associates is ready to offer you the benefit of our years of experience in this success-proven field—and help you develop your own coin-operated laundry store business.

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YUkon 6-9740

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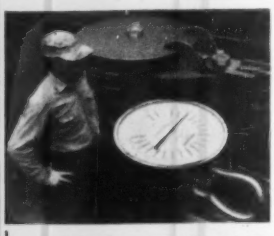


Hydroscale attached to hold back winch used on dynamometer application in pipeline laying.

HYDROSCALE®

for GIANT APPLICATIONS as a DYNAMOMETER

- Indicates direct loads up to 200,000 lbs.
- Engineered and built for long service-life.
- Over 110 Models in the complete line.
- Capacities 0-500 lbs. to 0-200,000 lbs.
- Easy-to-Read dials available in 3 sizes.

Hydroscales are ideal for use as Dynamometers in measuring Drawbar Pull, Cable and Powerline construction, Pipeline laying, Bridge construction and wherever contractors need to accurately measure tension or weight.

Hydroscales are used throughout the world for such applications as:—

• Pipe Coating • Pipeline Laying • Measuring Suspension Bridge Strain • Equalizing Guy-Wire Tension • Cable Anchoring Devices • Traction Testing • Torque Testing • For Use As a Hanging Scale for Weighing, check weighing and Inventory Material Weighing • Protecting Equipment From Overloading.

HYDROSCALES Guaranteed—They are guaranteed to be free of defects in workmanship and materials, and to be accurate to ½ of 1% of the maximum dial capacity.

"The world's largest producer of crane scales"

HYDROWAY SCALES, INC.
31286 Stephenson Hwy. • Royal Oak, Mich.

- Simplifying paperwork procedures. Some companies are skipping order acknowledgments, credit checks, and shipping notices. Others segregate small orders in special departments so as not to impede the flow of regular orders and to keep paperwork at a minimum. Still others are requesting prepayment on all orders under a certain size to avoid invoicing expenses. Some are even sending very small orders free so as to cut paperwork costs.
- Setting up price differentials for small orders so as to maintain approximately the same profit margin on them as on regular orders. Two-thirds of the surveyed companies have taken this step, which also gives the customer an incentive to boost the size of his orders. Some companies also don't prepay freight on small orders.
- Cutting the number of small orders by having salesmen promote the advantage of buying in larger lots. Some companies go so far as to refuse commissions to salesmen for orders that fail to meet minimum size standards.
- Reducing the number of small orders handled by referring them to a jobber or distributor.
- Refusing an order if it falls below a certain minimum size. More than one-fifth of the surveyed companies do this as a matter of policy. Others return it to the customer with the request that it be added to his next order.
- Dropping products that are habitually ordered almost exclusively in small, uneconomical lots.

Many companies, of course—even those that are aware of just how much small orders are costing them—hesitate to make strong efforts to discourage such orders in view of the possible damage to customer good will.

In any case, of course, it's vital to distinguish between trial orders from a new customer and emergency orders, on the one hand, and orders that result from small accounts or hand-to-mouth buying practices on the other.

Selling in the field

Despite their many pleas to the Government for help in recent years, farmers remain—at least, in one respect—rather individualistic. A recent survey of farmers revealed that

ROCKWELL-STANDARD... Growth through leadership

Millions in giant tools for planting cloverleafs!

Started in 1956, the nation's gigantic new Federal Highway Program is already pushing its way across many of our 50 states. Price tag for this project—with its 40,000 miles of highway and thousands of inter-connecting cloverleafs—is $65 billion.

One of the top priority tasks of Rockwell-Standard is to supply vital components for the giant earth-moving and construction equipment so necessary to this massive undertaking. Through its vast coast-to-coast network of 22 manufacturing plants Rockwell-Standard supplies the greatest names in heavy-duty construction equipment with planetary and other types of heavy-duty driving axles, transmissions and torque converters, transfer cases, brakes, front axles and universal joint assemblies. In short, every component between engine and wheels.

Rockwell-Standard's guiding philosophy is two-fold . . . the manufacture of products essential to the growth and maintenance of a dynamic economy, and . . . progress through research, engineering and expansion. Both have been accomplished through 50 years, by supplying valued customers with products that know no compromise with quality.

This is one of a series of statements to acquaint you with the broad scope of the activities of Rockwell-Standard Corporation.

ROCKWELL-STANDARD CORPORATION

GENERAL OFFICES CORAOPOLIS, PENNSYLVANIA

The 22 plants of Rockwell-Standard Corporation manufacture these famous products • TIMKEN-DETROIT® AXLES • HYDRA-DRIVE® TRANSMISSIONS • GARY® GRATING • BLOOD BROTHERS® UNIVERSAL JOINTS • BOSSERT® STAMPINGS • AERO COMMANDER® and COMMANDER ALTI-CRUISER® AIRCRAFT • AIR-MAZE® FILTERS • KERRIGAN® LIGHTING STANDARDS. Plus these other Rockwell-Standard® products: AUTOMOTIVE BUMPERS • AUTOMOTIVE SEATING • LEAF AND COIL SPRINGS • BRAKES • FORGINGS

Packing costs tumble

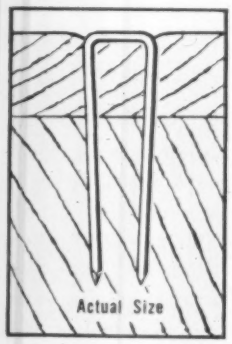
with high-speed *DUO-FAST* Staple Nailing

Here is an air-powered, lightweight gun that drives heavy duty 16 gauge staples, up to 1½" long, that outhold nails.

Because it is 4 times faster than hand nailing, the S-762 knocks down the cost of assembling crates, boxes, wood frames, expendable skids, and many other nailing jobs.

Example: Crating costs tumbled 80% for a store fixture manufacturer when they changed to DUO-FAST Staple Nailers.

But the S-762 DUO-FAST Staple Nailer is only one of a complete line of manual and air-operated tools. There is a DUO-FAST Stapler Tacker Nailer that is *precisely right* for your industrial fastening jobs.



SEND TODAY for DUO-FAST Manual FT-9. See for yourself the unequalled range of DUO-FAST equipment . . . and what it can do for you.

FASTENER CORPORATION, 3702-08 River Road, Franklin Park, Illinois

DEPT.

DUO-FAST Staplers Tackers Staples

Everything you need for tacking, stapling and nailing.

nine out of ten make their purchases of farm equipment not at the urging of an equipment salesman during a sales call at the farm but entirely on their own initiative after going to a dealer's showroom.

Perhaps the farm machinery makers have contributed to this situation, for 40 per cent of the surveyed farmers report that not one equipment salesman had called within the past year, and 30 per cent indicate that salesmen never call.

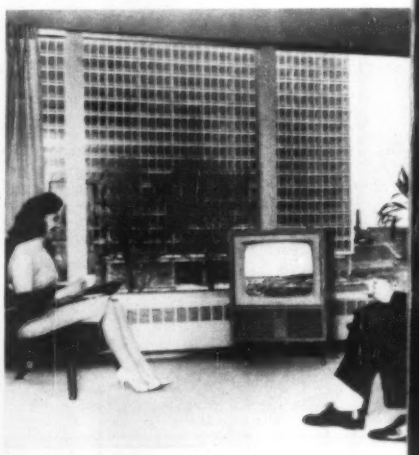
To remedy this situation, the J. I. Case Company, Racine, Wis., began a program this year to take not only the salesman but the equipment itself out to the farm for demonstration. The same trucks are used in servicing previously purchased equipment so that the new equipment gets maximum exposure to prospects.

To boost the sales of other products at the same time, the company has put built-in display cases on both sides of the new trucks. These display such "impulse items" as hand and power tools, chains, fire extinguishers, oil, and other items of use down on the farm.

Sugar-Coated Lures

When a sellers' market becomes a buyers' market, there are bound to be both benefits for customers and new ways of enticing them to buy. As vacancy rates climbed in the past few years, the apartment rental market clearly proved this point.

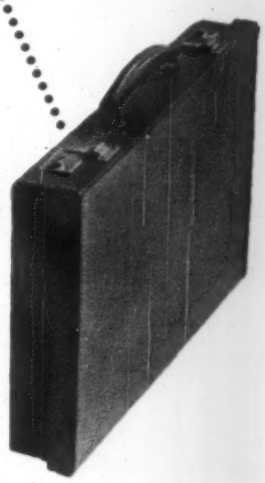
Rather than simply returning to the practice of granting the traditional



VIA CLOSED-CIRCUIT TV, *prospective tenants inspect the views offered in the new Colonnade Park development, Newark, N.J. (see story).*

This new National Yellow Pages Service gets us any combination of over 4000 directories across the country —with just one contract!

TELL ME MORE!



Media Dir.: More? Well, now we can buy exactly the right Yellow Pages directories to fit our clients' local marketing patterns.

Acct. Exec.: No waste?

Media Dir.: Nope. And the Yellow Pages people will help us determine directory coverage by markets. They'll furnish us with all the marketing data we need.

Acct. Exec.: You said just *one* contract?

Media Dir.: Right. Covers any and all directories we buy. Just one monthly bill, too.

Acct. Exec.: But what about the different competitive problems we have in our various markets?

Media Dir.: NYPS solves them — 'cause we can vary our space sizes and our message to meet competition.

Acct. Exec.: Okay, but can we really *sell* in the Yellow Pages?

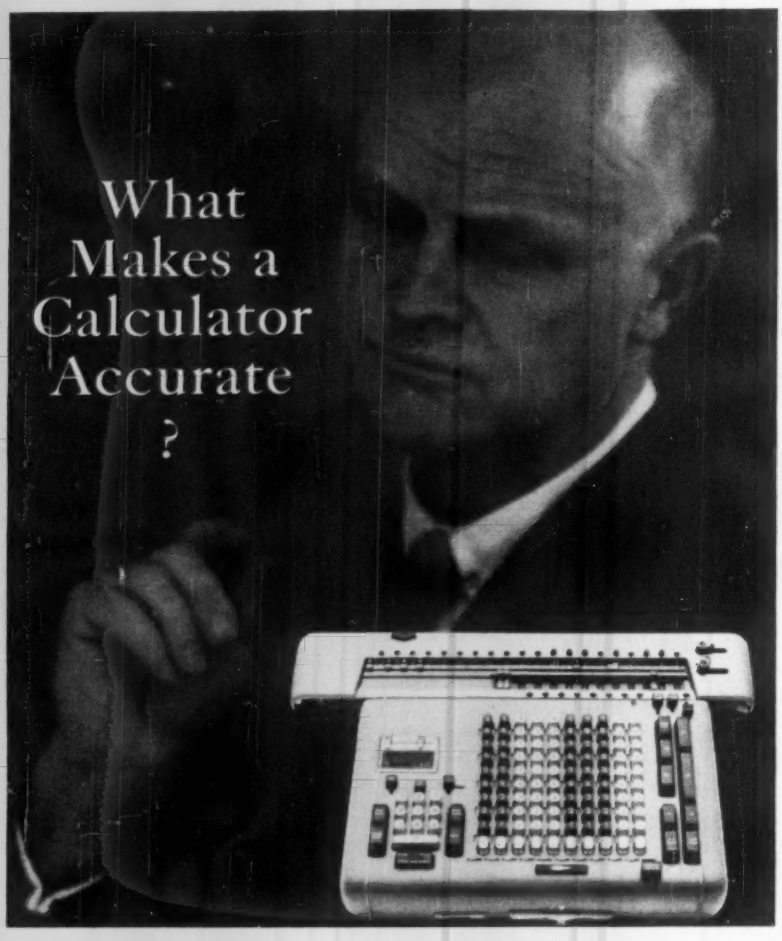
Media Dir.: *Positively.* Tie right in with our national campaign. And of course we'd be getting to people when they're *ready* to *buy*.

Acct. Exec.: Good. Let's see a plan on it.

Media Dir.: They're typing it up right now!

NEW NATIONAL YELLOW PAGES SERVICE

ONE CONTACT / ONE CONTRACT / ONE MONTHLY BILL



We're proud of the mechanical accuracy of the Friden fully automatic calculator. *But neither it nor any other calculator can get a right answer from a wrong entry.*

The calculator that allows the smallest margin for operator error will actually prove to be the most accurate.

The Friden SBT requires fewer manual keystrokes, fewer operator decisions than any other calculator on the market.* *In terms of day-to-day output, this makes it the most accurate calculator you can buy.*

For a no-obligation, ten-minute demonstration of "The Thinking Machine of American Business," call your Friden man or write: Friden, Inc., San Leandro, California.

**This is PRACTIMATION: automation so hand-in-hand with practicality there can be no other word for it.*

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Friden Creates A New World For Business®

Friden

SALES, SERVICE AND INSTRUCTION THROUGHOUT THE U. S. AND THE WORLD

concessions that were common before the war, the builders of new apartment developments have taken on the merchandising techniques that have helped move mountains of goods in recent years.

At a just-completed 22-story luxury apartment development designed by architect Mies van der Rohe in downtown Newark, N.J., the model apartment contains a closed-circuit television installation so that prospective tenants can select the particular view they would like their floor-to-ceiling window walls to provide.

In another bid to attract tenants, the builder provides each new tenant with a detailed directory of local stores and services.

As a clincher, the builders have hired a "director of community relations" for the apartment development. She will keep the 1,240 families up to date on cultural and educational events in the area, and like a social director on a cruise, "serve as a coordinator of activities" within the apartment community.

Drive for Sales

In the tough competitive selling that has ushered in the decade of the 1960's, many companies are finding that they have to go further to make a sale. This was brought out in a recent survey conducted by a Chicago auto fleet leasing company, Wheels Inc. After checking with companies across the nation that provide their salesmen with cars, the leasing concern discovered that during the first seven months of 1960 salesmen were driving their cars about 10 per cent farther than in 1959.

The twelve-month average last year, for industry generally, was 20,400 miles per salesman. This year, the figure is expected to be in the neighborhood of 22,500 miles. Here are the monthly averages for selected individual industries:

Industry	*Miles per salesman per month*	
	1959	*1960*
Auto parts & accessories	1,988	2,106
Steel	1,853	2,021
Petroleum	1,907	1,998
Paper	1,813	1,881
Machinery	1,580	1,729
Industrial chemicals	1,589	1,672
Drugs & cosmetics	1,496	1,561

—T.K.

Vehicle Checks

First Aid

Burns training pays off in emergencies

Patrol Methods

Fire Prevention

Crime Deterrence

...pays you a 20% savings on guard costs

Time and time again management has discovered too late that emergencies are best handled by people who are trained for emergencies.

The "guard" whom you hire and supervise yourself might turn in 364 days of perfect time-clock punching on his rounds and then practically negate his value when faced with an emergency beyond the scope of his experience. A Burns guard, on the other hand, is trained by Burns to handle *all* sorts of emergencies.

Supervised by Burns, uniformed by Burns, armed by Burns, insured by Burns, sent on paid vacation by Burns and paid overtime when necessary by Burns—the result is Burns Guard Versatility...yet at a *saving of upwards of 20%!* You are billed for a complete package—which means the number of trained guards you need for any occasion or season, plus 'round-the-clock supervision.

Let us show you how Burns Guards can improve your security system... including use of electronic equipment where feasible... and help you save, too. Phone, write or wire and a Burns Security Specialist will be at your service. No obligation. Meanwhile, why not send for our informative brochure, "It takes more than fences"?

Burns is the world's largest SECURITY BURNS SERVICES *industrial security organization*

THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC. • EXECUTIVE OFFICES: 101 PARK AVE., NEW YORK 17, N.Y.

HERE'S PROOF

SAVE $84,632

on a 62,000 sq. ft. industrial plant

in WESTern PENNsylvania

A unique, long-term (20-25 years), 100% Financing Plan at average interest rates *as low as 3¾%* makes such outstanding savings possible.

Under conventional financing, a 62,000-sq.-ft. plant costing $6.25 per square foot would cost $639,735 over 20 years at current interest rates of 5½%. That is, if you could get financing for 100% of the property at that figure.

This same building, amortized over 20 years using Pennsylvania's 100% Financing Plan, would cost only $555,103—*a saving of $84,632.*

Compare this with the usual maximum obtainable loan of 50 to 60% of appraised value and higher interest rates, even up to 8%!!!

You'll also find a Triple-A Work Force, Centralized Location, Favorable Tax Climate and an excellent Transportation Network—*more proof* that you should look to WESTern PENNsylvania for your industrial future.

Want more details on how you can save in WESTern PENNsylvania as did many other firms*? Write today. *Names on request

WEST PENN POWER

an operating unit of the WEST PENN ELECTRIC SYSTEM

WEST PENN POWER, *Area Development Department*
Cabin Hill, Greensburg, Pennsylvania DR-20

Yes, I'm interested in details of WESTern PENNsylvania's labor supply—as well as:

☐ Plant Location Services Booklet ☐ 100% Financing
☐ Relocating or Establishing a Branch Plant

Please handle in confidence and mail to:

Company_____ Phone_____

Individual_____ Title_____

Address_____

City_____ Zone___ State_____

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

On the Firing Line

THE FIELD SALES MANAGER *edited by Albert Newgarden. American Management Association, 1515 Broadway, New York 36. 380 pages, $7.50.*

A complete—and groundbreaking—"manual of practice" for the line officer who supervises salesmen in the field. Over a score of experienced executives offer detailed advice on every phase of the field sales manager's job, from organizing coverage to wooing indifferent accounts.

Put It on Paper

EFFECTIVE REPORT WRITING *by Norman B. Sigband. Harper & Brothers, 49 East 33rd St., New York 16. 688 pages, $6.75.*

Crisp suggestions and samples abound in this thorough, clear exposition of how to write and collect data for just about every kind of report used in business, industry, and government.

Adjusting to the "Brain"

MANAGEMENT ORGANIZATION AND THE COMPUTER *edited by George P. Shultz and Thomas L. Whisler. The Free Press of Glencoe, Ill. 257 pages, $7.50.*

What the computer means to management, as discussed at a McKinsey Foundation-University of Chicago seminar. Five corporate case histories suggest typical problems, and solutions, in adapting to the new "information technology."

Capital-Conscious

THE COMMON MARKET AND INVESTMENTS *by Marc Kohler. Vantage Press, 120 West 31st St., New York 1. 172 pages, $3.50.*

A Swiss corporation lawyer's handbook for U.S. business men who are eyeing the European Economic Community (see pages 50 and 52). Relevant laws, statistics, and resources are summarized country by country.

In Their Own Words

EMPLOYEE RIGHTS AND THE EMPLOYMENT RELATIONSHIP *by Howard M. Vollmer, University of California Press, Berkeley 4, Calif. 175 pages, $3.*

What is at first glance a textbook turns out to have a flavor rare in such studies, largely because it gives verbatim remarks from executives and workers who were asked to comment on ticklish labor-management situations.

Capital Views & Previews

PAUL WOOTON

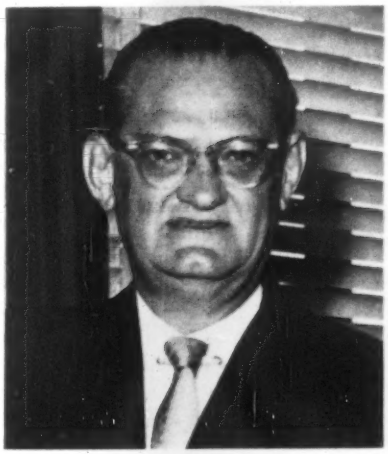
Foreign aid is a vital condition

for national defense, says the head of the ICA

"IF it weren't for the Mutual Security programs, we would have been compelled to spend much more money for our own defense—amounts exceeding the cost of Mutual Security. More than that—the U.S. would be in a weaker position so far as national defense is concerned."

That is the opinion of a well-qualified observer, James W. Riddleberger, who has been on active duty with the State Department for more than 30 years and is now head of the International Cooperation Administration.

Says the veteran foreign service officer: "America's global objective should remain what it always has been—a world of freedom, justice, and peace, in which all men may have the opportunity to develop freely and independently within the framework of their own cultures, religions, and capabilities. Only in such a world can the U.S. develop freely and fully its own culture and national aspirations."



James W. Riddleberger, ICA chief

On the debit side

Riddleberger admits there has been waste and inefficiency in connection with our far-flung activities, but he regards that as almost unavoidable in operations of such magnitude. When compared with the good they've accomplished, the shortcomings, he says, are infinitesimal.

The Mutual Security programs have enabled free countries to pull themselves out of a state of economic chaos and to maintain their freedom. They have made possible the restoration of trade and commerce throughout the free world. They paved the way for NATO and made possible our military bases abroad. They are speeding the progress and strengthening the economies of the developing nations.

Riddleberger attaches particular importance to the investment guarantee program which the International Cooperation Administration is directing. He notes that some time ago, when certain companies with large interests in Cuba were asked why they did not apply for this insurance, their answer was Cuba was one country that would never do anything to discourage American investment!

The ICA emphasizes that insurance against expropriation and blocking the repatriation of profits is available at nominal cost. Despite some criticism of "public insurance of private risk," many of those who initially fought the plan are now participating.

Technical cooperation is another of the major programs Riddleberger is administering. Originally the program was confined largely to three fields—agriculture, health, and education. That work is being continued but industrial projects have now been added. Having prosperous nations as

WHY BUSINESSMEN PUT TREES ON THE PAYROLL

by the Davey Business Adviser

When industry began moving into the suburbs, the use of trees took on new meaning. Trees became the pleasant answer to harmony in the neighborhood.

Tree planting around commercial sites is one of the fastest growing improvements in the industrial scene today. Trees make friends for management—with employees, with shareholders, with civic leaders and next door neighbors. For all the goodwill trees create, their cost is negligible indeed.

You'll like doing business with the Davey Tree Expert Company, because it is a businesslike firm. Its men are thoroughly trained, covered by insurance and benefit programs. Davey representatives are thoroughly experienced in handling contracts for industrial sites. Some of the largest corporations in America have called on Davey for tree planting and tree care.

Trees of a size to make an immediate impression are a Davey specialty. It is no longer necessary to wait for whips to develop.

Davey foremen attend a training class in tree care techniques at the Davey Institute of Tree Service in Kent, Ohio.

For help with tree planting suggestions and an annual tree service budget, have your landscape architect or officer in charge of grounds maintenance write to: Mr. Eugene Haupt, Dept. of Industrial Sites.

DAVEY TREE EXPERT CO.

Kent 15, Ohio

MARTIN L. DAVEY, JR.
President

THE OLDEST AND LARGEST TREE SAVING SERVICE IN THE WORLD

DAVEY TREE EXPERT CO.

sales increased 400%

through person-to-person Film Showings using **TSI PROJECTORS** *with TV-Type screens*

A certain film was doing a good PR and "soft-sell" job when shown to big audiences.

Then—salesmen started taking it to prospects **WHERE THEY MAKE THEIR BUYING DECISIONS—IN OFFICES AND HOMES.**

They used the TSI projector shown above. Sales increased 400%.

This projector carries your 16mm sound film **inside**, in a repeater magazine. No reel arms —no threading, no room darkening. Just open the screen—plug in—and flip a switch . . .

TECHNICAL SERVICE INC.
31800 W. Eight Mile Rd.
Farmington, Mich.

tsi

Send us information on 16mm film selling successes—descriptions of your projectors—and details of your leasing plan.

Company _____

By _____

Address _____

_____

or phone Sales Dept.,
KEnwood 3-8800, Detroit

60-5

sources of raw materials and as markets for our goods has become a major objective of U.S. foreign policy. For the first time in history, the proven skills and tested techniques of the more advanced nations are being harnessed on a broad scale to aid the less advanced nations. The interests of the cooperating countries also are served in promoting stability, increasing standards of living, insuring individual freedoms, and stiffening resistance to Communism.

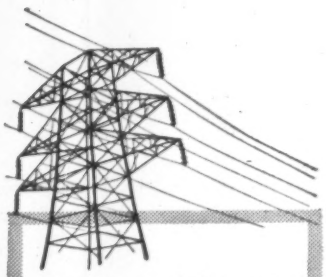
Riddleberger reminds business men that although the basic objective of foreign aid programs is to increase the security of the U.S., they also stimulate American business and benefit our economy generally. Nations that are already developed buy infinitely more in the U.S. than do the less developed countries—an answer to the argument that we are simply building up competition for our domestic industries.

Business reaps benefits

Riddleberger cites a recent statement of Under-Secretary of State Douglas Dillon: "Ninety per cent of the military assistance program expenditures and half of all expenditures under economic assistance programs are made in the U.S. Hundreds of millions of dollars worth of military equipment is purchased in the U.S. by nations that now are in a position to pay for their own recurring needs. Newly developed countries which have achieved expansion of their economies with U.S. assistance will become increasingly important customers of the U.S."

Economic assistance, Riddleberger stresses, is not confined to government-financed projects. Fully as much attention is given to encouraging of private investment and promoting world trade. Improvement of government administration along with the development of private managerial skills is among the principal aims of the programs to help countries that have not yet realized their potentialities.

Despite the progress that has been made, the needs of the situation are not being met, the ICA chief cautions. More than ever before, Americans, as private individuals and not merely as taxpaying citizens, must act in their country's interest, and Riddleberger urges that economic assistance to the developing and uncommitted lands be intensified on all fronts. END



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

COMMON STOCK
Dividend No. 203
65 cents per share;

PREFERENCE STOCK,
4.48% CONVERTIBLE SERIES
Dividend No. 54
28 cents per share;

PREFERENCE STOCK,
4.56% CONVERTIBLE SERIES
Dividend No. 50
28½ cents per share.

The above dividends are payable October 31, 1960 to stockholders of record October 5. *Checks will be mailed from the Company's office in Los Angeles, October 31.*

P. C. HALE, *Treasurer*

September 15, 1960

Edison

DUN'S REVIEW REPRINT

"OFFICE PRODUCTIVITY: New Path to Profits"

This Special Report to Management, reprinted from the September 1960 issue, details the importance of improving office productivity and shows how successful companies have increased their profits utilizing the best of the new procedures. 30c each.

Send order with payment to:

Readers' Service Department
DUN'S REVIEW & MODERN INDUSTRY
99 Church Street
New York 8, N.Y.

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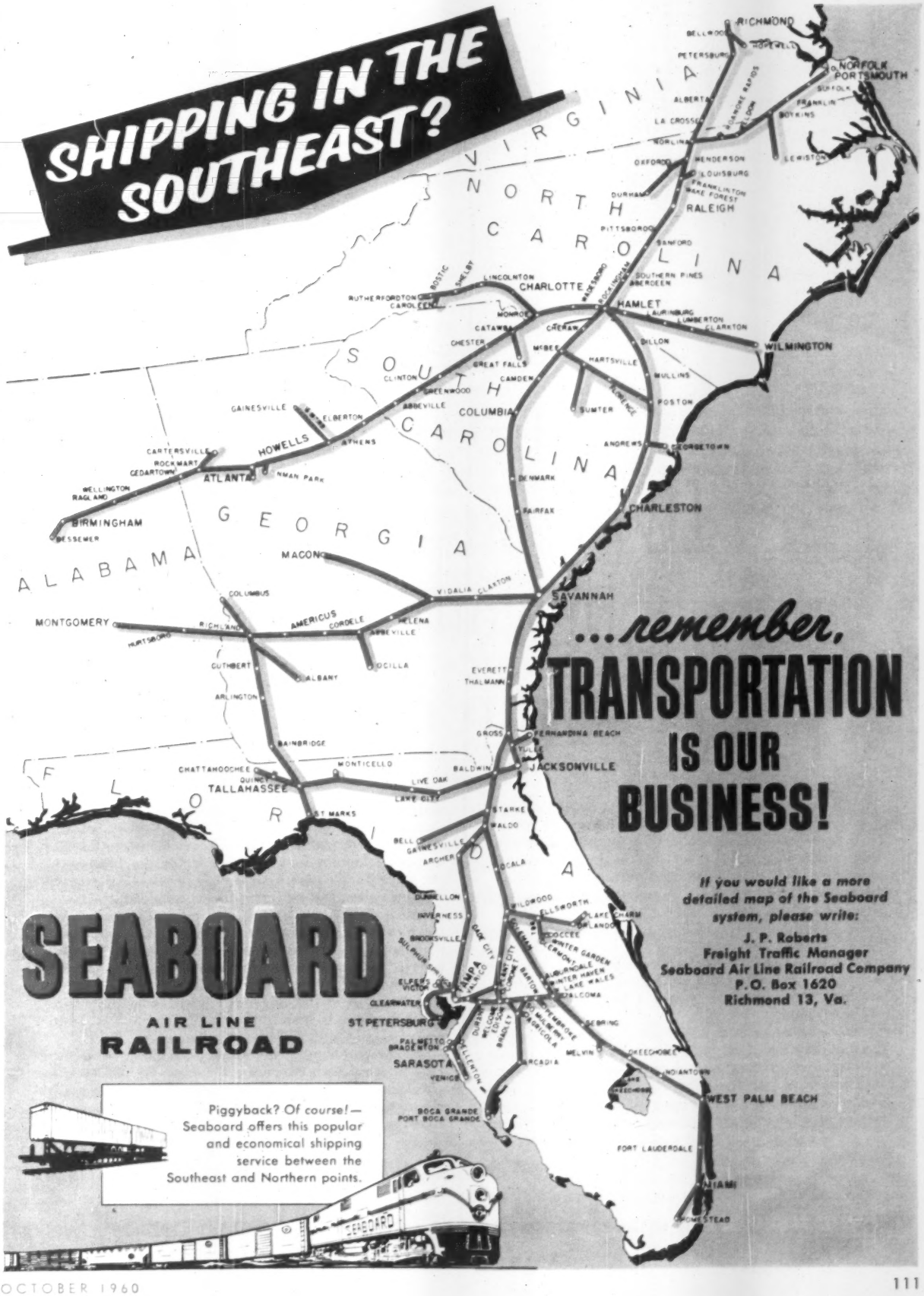

...remember,

TRANSPORTATION IS OUR BUSINESS!

If you would like a more detailed map of the Seaboard system, please write:

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Freight Traffic Manager
Seaboard Air Line Railroad Company
P.O. Box 1620
Richmond 13, Va.

SEABOARD
AIR LINE RAILROAD

Piggyback? Of course!— Seaboard offers this popular and economical shipping service between the Southeast and Northern points.

Are you unknowingly flying second class in your own aircraft?

Many custom interiors *appear* to be of the highest quality until drawers and doors no longer seem to fit, fabrics begin to work loose or wear thin, colors almost imperceptibly begin to fade, seating and movement inside the aircraft becomes awkward and uncomfortable, and many weaknesses in basic design begin to be noticed.

Beneath the beauty and graciousness of any quality custom interior there must be good basic design. And good basic design requires outstanding engineering of a very specialized nature, fully integrating carefully engineered furniture and fittings into the framework of the aircraft.

AiResearch's extensive leadership and experience in the modification of all types of airframes and aircraft systems insures maximum integration of individualized interiors into the structure of the aircraft. This over-all capability, combined with good basic design, is also of vital importance to the safety and performance of the aircraft as well as to the beauty, comfort and durability of the interior.

Every AiResearch Aviation Service custom interior is built to retain its high quality for the lifetime of the aircraft. This is possible only because AiResearch employs the most skilled and experienced craftsmen in the industry and uses only the finest materials for the most rugged, lightweight construction throughout.

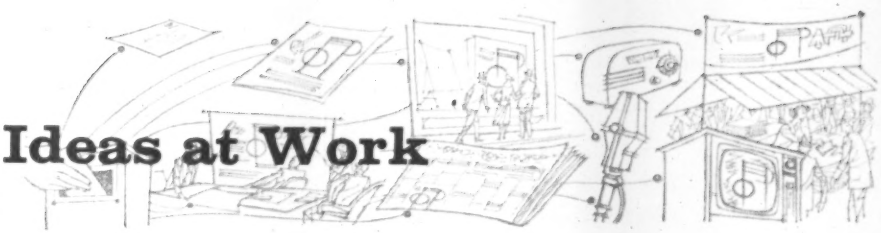
There is no production line at AiResearch Aviation Service, and no two interiors are alike. Every piece is hand finished by an expert craftsman with a genius for detail. And the internal construction and fitting of each piece is equally exacting. There is no compromise, and nothing is left to chance.

Before *you* should unwittingly decide to fly second class in your own corporate airplane, we urge you to check into the AiResearch Aviation Service Company reputation and facility to see for yourself how the finest interiors in the world are made.

Customer confidence is our most highly regarded asset

THE GARRETT CORPORATION AiResearch Aviation Service Division

International Airport, Los Angeles, Calif. / Telephone: ORegon 8-6161



Ideas at Work

» *Low-budget documentaries to sell products*

» *Baiting the company's suggestion box*

Worth 1,000 Words

MOVIE-MAKING: *A Pitman "Giraffe" that was on the site provides a perfect shooting platform for Western Machinery's advertising manager, who shoots inexpensive home movies to sell Western's products.*

Western Machinery Company is using home-made movies produced at rock-bottom costs to demonstrate, explain, and sell its products.

Western makes mining equipment, machinery and facilities. Because most installations are in remote areas, it is seldom possible to show working equipment to prospective customers. Further, salesmen sometimes have difficulty describing functions and features of complex machinery, and printed brochures aren't always the answer.

But Western, with sales of about $40 million and 300 employees, could not afford expensive film production as part of its marketing budget.

Advertising manager William F. Haddon decided that low-budget, homemade movies that showed products in use, projects currently under way, and mining processes would be useful tools for Western's salesmen.

Haddon purchased minimum equipment. It includes a simple camera with standard lenses and filters, a simple tripod, a light meter, a light bar and a couple of clamp-on flood lamps.

Haddon specified that any films

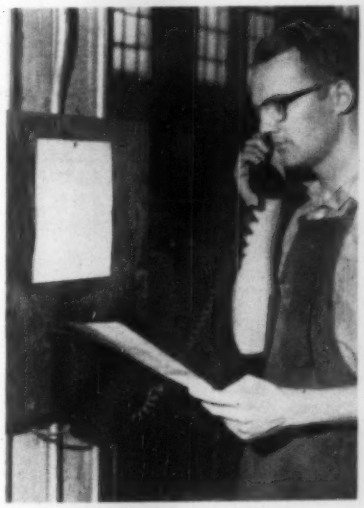
Saving Time in Timekeeping

Thousands of minutes and thousands of dollars a year are being saved by Torrington Manufacturing Company, Torrington, Conn., with mechanized timekeeping by plant telephones like the one being used by this production worker.

Two years ago, Torrington workers reported to timekeepers when they completed jobs and were ready to start new ones. They often had to stand in line to report—or even, on the night shift, wait around for the part-time timekeeper.

Clifford R. Kral, manufacturing manager of the company's Machine Division, says, "It might take a worker five minutes or more to make his report. If you added up all the minutes lost by all the men during a shift, it was easy to see how the hours were mounting up, and to understand how important it was to both the men and the company to put that lost time back to work."

The Machine Division set up a central timekeeping system, using ten reporting station telephones scattered throughout the production area and two Dictaphone recording machines for about 250 reports daily.

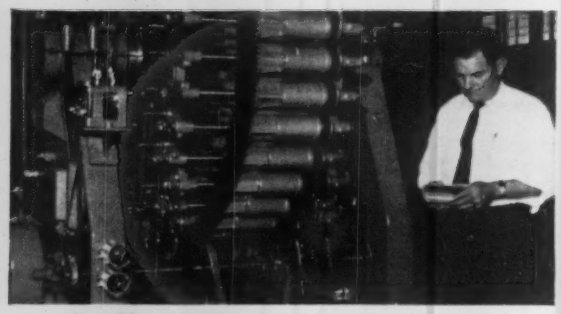


Now, when a worker finishes a job assignment, he picks up the handset of a telephone, hears an announcement state the exact time, dictates his name, job number and report, and goes on to his next job.

A girl office worker removes each belt as filled, transcribes report data on cards and keeps the belt for a permanent record. Torrington estimates the savings in timekeeping costs add up to about $10,000 a year.

Located amid the apple orchards of historic Shenandoah Valley, CCS plant has 40 acres including ample room for expansion. Site is served by railroad and by Virginia's excellent, fully paid for, highway system.

Crown Cork & Seal Company Finds "High-Calibre Employees" in VIRGINIA



Plant Manager makes spot inspection at the pressure tester which automatically tests for leaks under pressure. Plant boasts all modern production equipment.

Cans are fed by overhead conveyor into rail cars inside plant. The utilization of the newest can handling systems for both truck and rail are a feature of the plant.

Crown Cork and Seal Company, Inc. located its up-to-the-minute can-manufacturing plant at Winchester, Virginia, to serve the booming apple-processing plants of the Shenandoah Valley, as well as canners in neighboring states. Operations commenced in September, 1959, and proved so successful that CCS is now installing additional equipment in the new plant.

In explaining the unusual efficiency of their Virginia plant, Crown officials point out, "our very successful first year of operation has been due to the high calibre of employees available in the area, and to the low absenteeism which resulted."

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made would be aimed at specific markets, and that he and his staff would do all the shooting personally when on field trips made primarily for other reasons. Then he got a professional producer of industrial films to provide after-filming services—studio recording of background music and voice, editing, dubbing-in of titles.

First step in producing a film is thorough planning in consultation with market men involved. After Haddon or a member of his staff shoots the actual film, the footage is collected and roughly edited. Next, Western's publicity and public relations manager writes scripts, and then the final editing is done.

To date, Haddon and his colleagues have made six motion pictures. The first, which runs for eight minutes, was produced for $500. Most of the other films, 20 to 30 minutes long, have been made for less than $5,000 apiece—including pro-rata salary expenses of company personnel.

Haddon concedes the films aren't going to win any Oscars, but he says, "Our salesmen often have to sell both a process which is not clearly understood by the customer, and equipment. This is a big order. We have learned that nothing sells a process like a motion picture in color. Our films are doing a good job of selling our company's products and services."

Sparking More Suggestions

Many companies nowadays have suggestion plans—and many of these are striving to increase the number of ideas dropped into the suggestion box.

American Hardware Corporation's Kwikset Division plant at Anaheim, Calif., has come up with a new approach which has doubled the number of suggestions received.

Robert Hutchison, industrial relations director, relates: "We felt that a basic flaw in most suggestion programs, including our own, was that only ideas adopted resulted in awards. Actually, every person who puts in thought and time to submit an idea feels his work should bring him something."

Kwikset now gives 30 trading stamps, good at most local stores and supermarkets, for each bona fide idea dropped in the suggestion box. If the idea is adopted, the employee gets a cash award plus ten stamps for each cash award dollar.

Kwikset feels that one of the driving forces behind the sharp increase in ideas has been pressure from employees' wives, who are used to saving trading stamps. And the increase has meant not just more ideas but more good ones. Hutchison says, "Even though the number of suggestions has doubled since we introduced the stamp system, their quality has remained at the same high level as in the past."

School Days for Employees

With an eye to the tough competitive demands of the 1960's, corporations across America are increasing their efforts to boost the educational level and sharpen the skills of their personnel.

North American Aviation, Inc., has just stepped up its million-dollar program to help employees get higher education—and to build up the company's reservoir of high-caliber personnel. Other concerns are giving leaves of absence to encourage college attendance, sponsoring correspondence courses, and providing classes for secretaries and clerical help.

North American's Educational Reimbursement Plan has paid out more than $1 million since 1950, when it began to reimburse employees attending a wide variety of courses at colleges and universities. Today about 30,000 college courses have been completed, and more than 5,000 employees are currently attending classes under the program.

So valuable has the program been to the company that North American will now reimburse 100 per cent of the tuition costs of employee education, and a graduate degree program has been added. Under the new plan, an employee who wants to complete college training or take a higher degree, particularly at schools that require full-time attendance, can take up to three years' leave of absence.

At the other end of the educational spectrum, Carpenter Steel Company, Reading, Pa., has designed an in-company course for new typists and stenographers. The course, which is run by the secretary to the board chairman, is held one hour a week from September to May, and its cost is limited almost completely to the time of the personnel involved.

Wohl Shoe Company of St. Louis, with employees in branches across the

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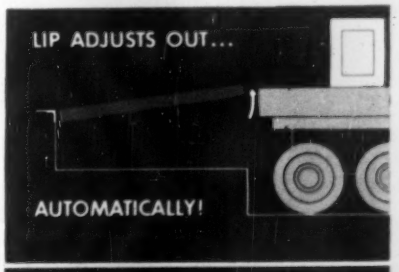

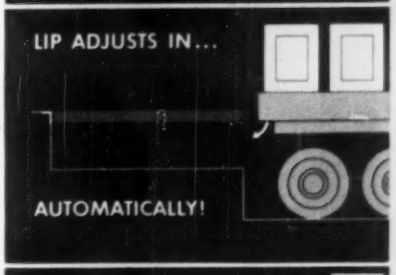

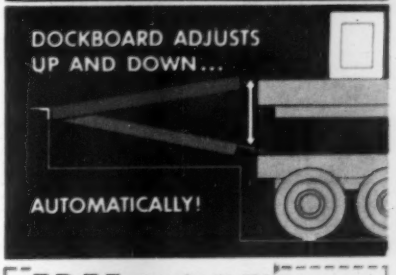

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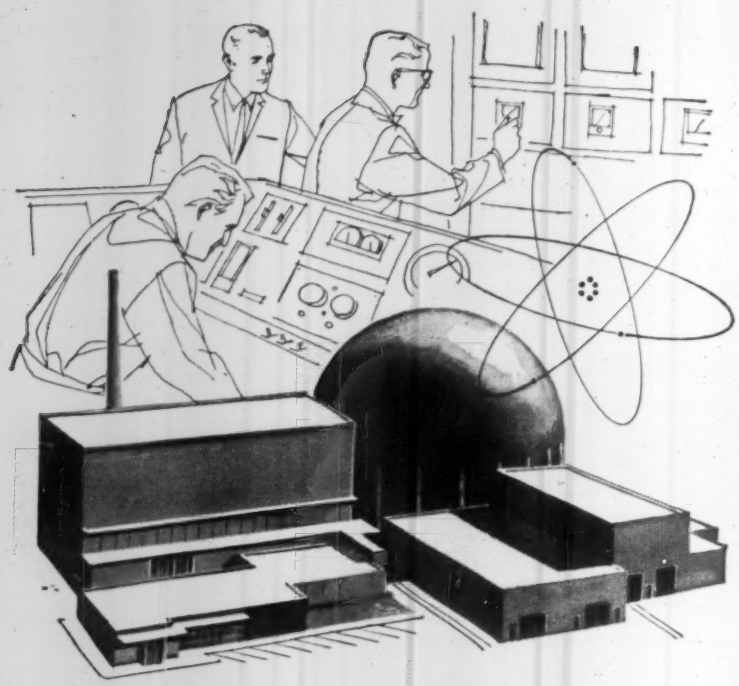

Insuring private nuclear enterprises requires advanced techniques

Theory becomes fact as scientists harness the atom to produce electrical energy and nuclear power plants are born. Engineering feats such as these, involving unprecedented problems, put a premium on creative application of insurance.

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country, found a way to bring advanced training to its far-flung personnel. The company used a correspondence training course of fifteen study assignments that cover all elements of retailing. The trainee's division manager reviews a check lesson and suggests areas for further study.

Men On the Chart

The *O'Malley Reporter,* house organ of the O'Malley Lumber Company of Phoenix, Ariz., and affiliated O'Malley companies, has put life into its organization chart.

At its annual management meeting, the company positioned management personnel on the lawn, arranged each man in his place on an imaginary organization chart and shot a wide, high-angle picture.

The big photograph, printed in the *Reporter,* gave employees a look not just at organization boxes but at the men who run the company.

Diagonal Promotions

In its determination not to let a good man go for lack of opportunity, U.S. Rubber Reclaiming Company of Buffalo, N.Y., has set up special training programs so that the promising employee can be promoted "diagonally."

An example of the program in practice is the case of Donald E. Jones, a chemical engineer who was promoted to a job in sales, then was promoted back to the laboratory as chief chemist, and finally named plant manager.

Rubber Reclaiming works hard to make its personnel capable of moving up diagonally. By rotating plant committee membership and by other means, as many individuals as possible are given opportunity to acquire a wide knowledge of company functions and organization. —J.R.M.

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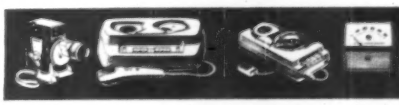

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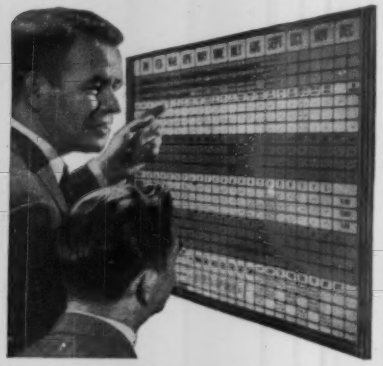

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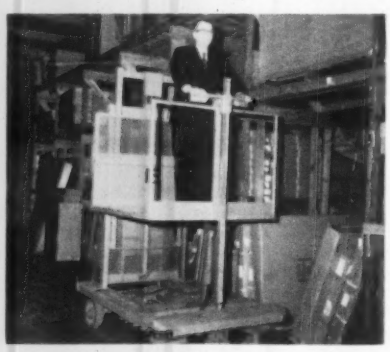
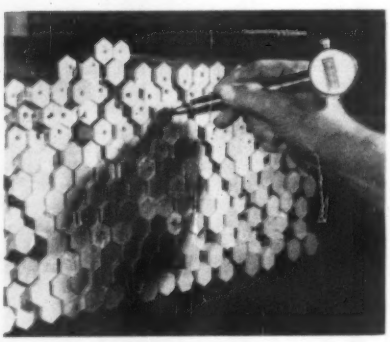
New Product Parade

PRODUCTION CONTROL: This electronic control station records production information from as many as 200 machines at a time. Information is fed from impulse transmitters on the machinery to various recording devices, and telephone communications are maintained with machine operators. *"Productograph," Farrington Manufacturing Company, Needham Heights 94, Mass.*

ADJUSTABLE PHONE VOLUME: This new audio device enables telephone users to dial a comfortable listening volume. It is said to be effective for telephones in noisy plants and offices, as well as easing strain on personnel who use telephones often. The instrument clips on the telephone receiver. *"Clarafon," Multitone of Canada, Ltd., 130 Merton Street, Toronto, Ontario, Canada.*



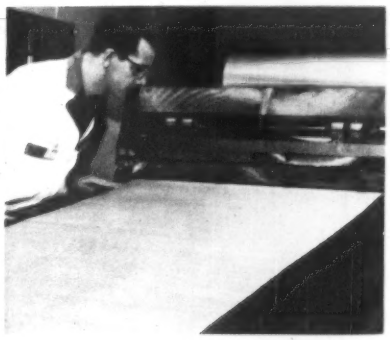
RIDING HIGH: The operator controls this materials handling truck from the platform. The platform raises to a height of ten feet, but for safety the truck cannot be moved until the platform is lowered to six feet. The truck is claimed to be especially suited for order picking and overhead maintenance. *"Rider Boy," West Bend Equipment Corp., West Bend, Wis.*



ACCURATE INVENTORY: This pen automatically counts pieces as it marks them. It is said to eliminate errors in duplication and omission, provide a fast count, and improve inventory control by color coding. The combination marker and counter is equipped with five different color pens. *"Mark-Counter," Van D. Mark, P.O. Box 44, St. Clair, Mich.*

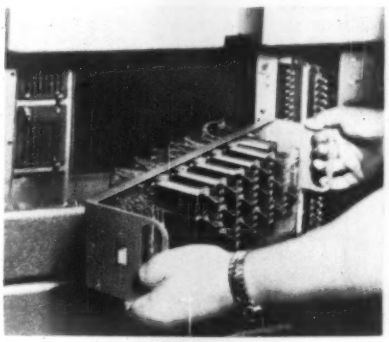
» **THIS MONTH:** *Electronic production control center; tool for speedy stock-counting; new communications, production, materials handling aids*

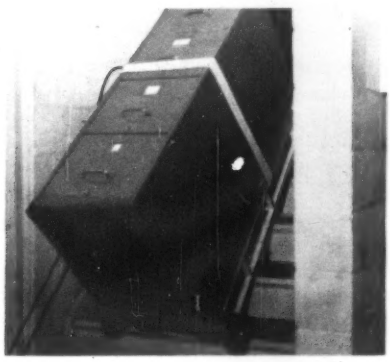
WELDING ON THE SPOT: This 2½-pound welding gun is suitable for work at the job site. It carries its own wire reel, and feeds the wire at a controlled rate. The operator can weld 50 feet from the control panel, and the panel can be placed 150 feet from the power source. *"MIGet," Air Reduction Sales Company, 150 East 42nd Street, New York 17.*



METAL FOLDER: A new machine corrugates metals by folding rather than the conventional method of drawing. A cam-controlled action moves forming dies in horizontal and vertical planes, simultaneously perforating, off-setting, slotting, and lancing. The new method is said to reduce costs. *Twin Coach Company, P.O. Box 2507, Buffalo 25, N.Y.*

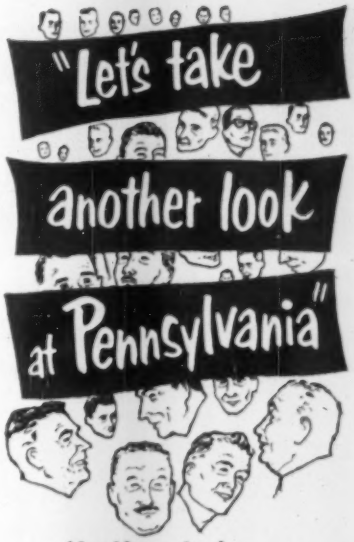
ADD-ON SWITCHBOARD: This new automatic switchboard can be expanded in "building block" fashion. The basic unit contains 60 lines with eight links. Assemblies are plugged in as needed, and provide up to 240 lines and 32 links. The number of stations can also be increased by adding "party lines." *"Telematic," Dictograph Products, Inc., Jamaica, N.Y.*





STAIR CLIMBER: This electric hand truck moves heavy equipment up and down stairs at 18 feet per minute with virtually no operator effort. An automatic braking device holds the truck stationary on the stairs in case of power failure. Prices range from $350 to $540. *"Stair Cat," New Design & Development Corp., 1107 East Kibby Street, Lima, O.*

more news on next page



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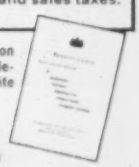

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WHY MICROHONING* helps Hawk Guidance System "think" straight

The Army-Marine surface-to-air Hawk missile is the first of its kind to overtake and destroy a ballistic missile in a simulated enemy attack. Designed by Raytheon's Missile Systems Division, it is being built at their Andover, Massachusetts plant.

Representative range of valve sleeves Microhoned.

MICROHONING GENERATES ACCURACY

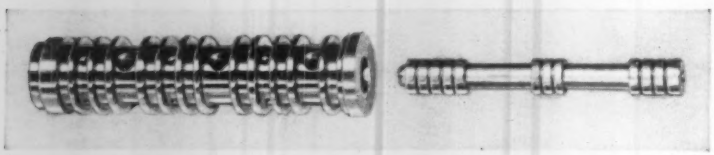
With consistent accuracy as a prime requisite, Raytheon engineers specify Microhoning in the processing of valve sleeves and blocks used in the servomechanism that guides the Hawk in its supersonic flight. Microhoning of bores rectifies geometric inaccuracies, size is held within .0003", roundness within .0001" tolerance, and a surface finish of about 8 microinches (rms) is generated.

MICROHONING'S VERSATILITY

Thirteen different sizes of sleeves and blocks are Microhoned, including those with blind-end, interrupted, and ported bores. Parts, which are generally of stainless steel heat treated to 58-60 R "C", have bore diameters ranging from .171" to .874" and lengths from .594" to 2.859".

STRAIGHT, CLEAN BORES

Microhoning of these components effectively corrects camber or bow in the bore and assures less smear around the ports than possible with any other machining method. Bore camber and smear could cause binding or a hindering action between the sleeve and its spool, and thus throw the missile off-course.



The strong emphasis on precision can best be appreciated in the realization that sleeves and mating spools must operate within a clearance of only 100 to 150 millionths of an inch. The fit of the spool within the sleeve must prevent blow-by. A final lapping operation provides geometric accuracy within .000050" tolerance.

For further details, see facing page.

*Registered U. S. Pat. Off.

MICROMATIC HONE CORP.
8100 SCHOOLCRAFT AVENUE · DETROIT 38, MICHIGAN

continued from page 119

SHARP TYPING: A new polyethylene plastic typewriter ribbon reproduces type with extreme accuracy and sharpness. It is said to be particularly suitable for preparing offset reproduction masters. The new break-resistant ribbon is expected to permit the design of greater variety of type styles. *"IBM 5121," International Business Machines Corp., Electric Typewriter Division, 545 Madison Ave., New York 22.*

SAFE STEPS: A new adjustable ladder leg assures the user of sure footing even on rough terrain. The device extends up to 10 inches, and has a non-skid swivel foot. The 2-pound

leg will support 600 psi. *"Ladder Leg Equalizer," Seeger-Williams, Inc., 4 Norman Street, Bridgeport, Conn.*

SUPERDENSE CERAMICS: The density of a new rugged ceramic has been increased 80 per cent, according to the manufacturer. The higher density affords better temperature stability, higher sensitivity, more consistent electro-mechanical properties, and better dielectric properties. The new process also permits the manufacture of larger one-piece units. *"Glennite HT-8," Gulton Industries, Inc., 212 Durham Ave., Metuchen, N.Y.*

CLOSE SHAVE: A new cutting machine slices metals wafer thin. It uses doughnut-shape cutting wheels as thin as .006 inch. The ultra-thin cutting wheels are claimed to result in as much as a 50 per cent reduction in waste material. *"I/D Micro-Slicer," The Do-ALL Company, 254 North Laurel Ave., Des Plaines, Ill.*

FAST FINISH: A new portable belt grinder is said to save time by grinding and finishing metals in one operation. The air tool's abrasive belt leaves a smooth, straight-line finish on flat or curved surfaces, requiring no further finishing. The belt is air-cooled to increase its life. *Aro Equipment Corp., Industrial Division, Bryan, O.*

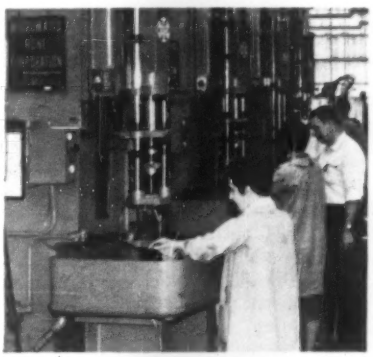
HEAVY DUTY LIGHT-WEIGHT: Strong steels are now being produced in thin-gage sheet and strip form. The new weights are expected to permit stronger and lighter designs for equipment such as trucks, liquefied gas tanks, and cargo containers. Thicknesses will range from 1/10" to 3/4". *United States Steel Corp., 525 William Penn Place, Pittsburgh 30, Pa.*

FIRE PROTECTION: This versatile fire extinguisher is universally effective on all types of fires, regardless of the nature of the burning material. The

need for a variety of units for each type of fire is eliminated. *"ABC All-Class," Alim Corp., 11 Park Place, New York 7.* —E.G.

HOW MICROHONING corrects camber in components of Hawk Missile

Raytheon, designer and builder of Hawk missiles, is constantly seeking to improve processing methods and attain greater precision-production. One example of this is the processing of valve sleeves and blocks used in the steering mechanism of Hawk missiles. Here's how Microhoning corrects bore camber, minimizes smear around ports, generates geometric accuracies and microinch surface finishes.



CORRECTING BORE CAMBER

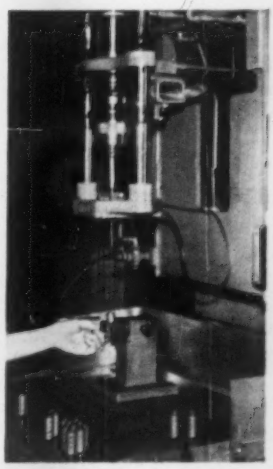
To straighten bore surfaces so that they are parallel throughout their length to the neutral axis of the bore, Microhoning utilizes the combination of: abrasive sticks of exact length, positive radial expansion of abrasives, and controlled rotating and reciprocating motions of the Microhoning tool.

Each Hydrohoner has automatic *size control, stonefeed and stone-wear compensation.*

MINIMUM SMEAR AT PORTS

Thirteen different sizes of sleeves and blocks are Microhoned, including those with blind-end, interrupted, and ported bores.

The Microhoning characteristics of low-velocity abrading and constant widespread contact with bore surfaces eliminate more smear around the ports than is possible with any other machining method.



Simple fixturing and hand loading are part of this careful processing.

EFFICIENT PRECISION PROCESSING

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For further details, see facing page.

MICROMATIC HONE CORP.
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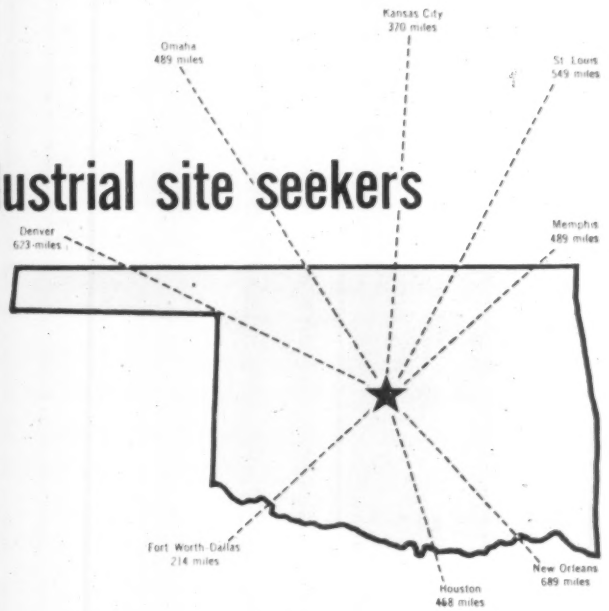
information about Oklahoma City for industrial site seekers



Located at the geographic center of Oklahoma, and at the intersection of two major pioneer railroads, Oklahoma City has become the primary distribution center of the state and a major marketing center of the Southwest. Manufacturing has become prominent in Oklahoma City, largely because of the development of 14 well planned industrial parks or districts. Petroleum and livestock, in addition to manufacturing, are major industries.

The Rock Island has many choice industrial sites available in Oklahoma City. If the following information about this fast-growing community interests you, get in touch with us for more specific details. We'll work with you in strictest confidence.

LABOR: An intelligent, loyal labor force of 205,900 in the Oklahoma and Cleveland County area; increase of employment of 28% in 10 years; average education 11.7 years.

POWER: Nine generating stations with a generating capability of 1,136,900 KW with a planned expansion of 200,000 KW; controlled reserves of natural gas, the principal fuel, of 1,651 billion cubic feet.

TRANSPORTATION: The Rock Island and 4 other railroads; 5 airlines; 45 interstate truck lines; 18 local truckers; interstate bus service provided by 8 companies.

HOUSING: 25,106 new living units have been constructed since 1954; the most popular new construction sells in the range of $16,000 to $25,000, with the overall average sale value below this figure; construction of a new Central Expressway is upgrading marginal property.

THE COMMUNITY: 92 schools in the Oklahoma City Public School System with an enrollment of 63,000; 5 colleges and universities, 3 seminaries, adult education programs and excellent business colleges; 82 parks with a total of 9,924 acres; 22 hospitals with 2,300 beds supplemented by Veterans Administration facilities; 1.7 doctors per 1,000 population.

COMMERCIAL SERVICES: 1,050 wholesale firms; 4,500 retail outlets serving a 58 county marketing area; 4,000 service firms.

CLIMATE: Normal average temperature of 60.4°; average normal rainfall 30.22".

The man who knows Oklahoma City industrial sites like the back of his hand is C. E. Inglish, General Freight Agent, Oklahoma City. Mr. Inglish and his staff are typical of Rock Island specialized personnel who, during the past three years, have helped locate over a billion dollars of private industry along Rock Island tracks. He can help you find just the spot you need. For full details write, wire, or phone C. E. Inglish, Union Station, 300 S.W. 7th Street, Oklahoma City, or Industrial Department 156, Rock Island Lines, Chicago 5.

Rock Island

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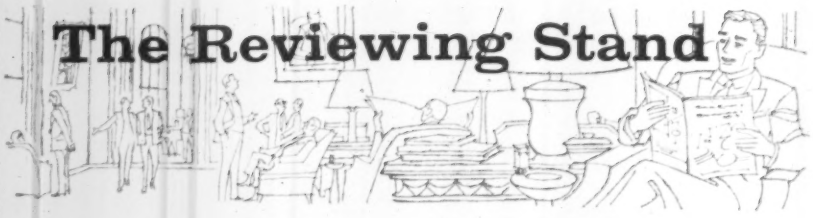

Spotlight on Packaging

The art of packaging has two functions—protection and promotion—and the skill with which the modern manufacturer serving consumer markets physically presents his wares has reached a high degree of sophistication in practice. The company image is also reflected in industrial packaging—both in protection of the product and in the visual impact of the item on its way to the purchaser.

The scope of packaging is vast. At a DUN'S REVIEW round table in Chicago, one speaker spoke of human packaging as "beginning with a diaper and ending with a shroud" but including, between the extremes, a wide array of textiles, leathers, and cosmetics, with which people enclose themselves in agreeable styles and colors.

Packaging conferences were held at Philadelphia, Chicago, and New York, with designers, engineers, processors, and manufacturers all giving us the benefit of their experience.

Many experts consider packaging techniques as the starting point of a total marketing process. The package design begins with the product design, and stays with it from the beginning all the way to the point of sale, where all the accumulated investment in the item reaches the moment of decision before the buyer. It was pointed out that mediocre and haphazard packaging is an outward sign of a hidden obsolescence in management. A new Special Report on Packaging will appear in next month's issue.

Where Credit Is Due

Advertising is the extended voice of a person with something to tell as well as something to sell. Its goal is to perform an intelligent and effective service in the distribution of goods or the rendering of services.

Every year or two, campus liberals discover that advertising is a form of economic waste which should be converted into a saving for the consumer. Certainly there is nonsense, bombast, and half-truth in some consumer advertising. In competitive selling, word meanings may be strained beyond their ethical limits. But the principal waste in advertising is the result of the ineptness of the man using it as a tool without knowledge of the craft.

The value rendered by advertising media as a source of communication is incalculable, and despite errors in judgment by principals and agencies, there is a fundamental economy in advertising by which an expanding market reduces rather than increases the unit cost of products. Beyond this is the informational and educational service which good, tested advertising renders. Advertising at its best is a dynamic influence on the whole cycle of processing and distribution, and it is one of the proven incentives for the natural and continuous growth of the economy.

Nuclear Arithmetic

Albert Einstein is credited with saying that any war that follows World War III will be fought with clubs. The implication is clear. To make it even clearer, Louis H. T. Dehmlow, Chicago manufacturer, puts it in terms of arithmetic. The primitive sling, he points out, multiplied the caveman's combative strength by a factor of two to one. The bow and arrow increased the ratio to three. Gunpowder made it four to one, and TNT further increased the factor—but the thermonuclear bomb has a power 10 million times as mighty as the caveman's club.

Whether man will ever be able to destroy himself may not lie with him to decide, but he certainly has the destructive energy to plunge himself back into the abysmal shadows of Neanderthal days if he loses control of the power he has wrested out of nature's reluctant fist. —A.M.S.

In Grandad's left hand, the Bell System's new electronic larynx

A new voice for the voiceless

New Bell System electronic larynx restores speech to those who have lost the use of their vocal cords

Helping people to talk again . . . this is a continuing Bell System project which grew out of Alexander Graham Bell's lifelong interest in persons with hearing and speech handicaps.

Now Bell Telephone Laboratories has developed an improved electronic artificial larynx which is entirely self-contained and battery-operated—designed to serve as a "new voice" for many people who have been affected by surgery or paralysis.

When held against the neck, this ingenious 7-ounce device transmits vibrations into the throat cavity which can then be articulated into words. Speech sounds of good intelligibility and improved naturalness are produced.

Two models are being made by the Western Electric Company, manufacturing and supply unit of the Bell System. One simulates a man's voice, the other a woman's. In keeping with the Bell System's long history of public service, the Bell Telephone Companies are making this device available on a non-profit basis. If you would like further information, just get in touch with your Bell Telephone business office.

This new artificial larynx is another example of how research at Bell Telephone Laboratories serves the public in many ways—in developments used by the world's most modern telephone system—and in inventions which have wide application by outside industries and people in all walks of life.

• Held to the throat, the Bell System electronic artificial larynx replaces the vibrations of normal vocal cords to produce speech. Power is turned on and off, and the pitch is varied, by a simple thumb-operated switch.

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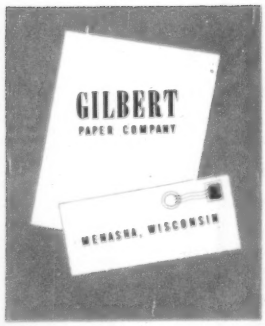
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